PARLIAMENTARY DEBATES

(HANSARD)

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HOUSE OF COMMONS

OFFICIAL REPORT

FOURTH SESSION OF THE FIFTY-FOURTH PARLIAMENT
OF THE UNITED KINGDOM OF GREAT BRITAIN
AND NORTHERN IRELAND
FIFTY-SEVENTH YEAR OF THE REIGN OF
HER MAJESTY QUEEN ELIZABETH II

SESSION 2008–2009

COMPRISING PERIOD
12 January 2009—22 January 2009

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12 January 2009

THE
PARLIAMENTARY DEBATES

OFFICIAL REPORT

IN THE FOURTH SESSION OF THE FIFTY-FOURTH PARLIAMENT OF THE
UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND
[WHICH OPENED 11 MAY 2005]

FIFTY-SEVENTH YEAR OF THE REIGN OF
HER MAJESTY QUEEN ELIZABETH II

SIXTH SERIES VOLUME 486

SECOND VOLUME OF SESSION 2008-2009

House of Commons

Monday 12 January 2009

The House met at half-past Two o'clock

PRAYERS

[MR. SPEAKER *in the Chair*]

Oral Answers to Questions

DEFENCE

The Secretary of State was asked—

Overstretch

1. **Simon Hughes** (North Southwark and Bermondsey) (LD): What recent assessment he has made of the risk of overstretch affecting forces' families. [246440]

The Secretary of State for Defence (Mr. John Hutton): Before I begin, I am sure that the whole House will wish to join me in sending our profound condolences to the families and friends of the servicemen killed in Afghanistan since the House last met. They were Sergeant Christopher Reed, of 6th Battalion the Rifles, and Corporal Robert Deering, Corporal Liam Elms and Lance Corporal Ben Whatley, all of them Royal Marines. Our thoughts and prayers are likewise with the family of the Royal Marine who died in Afghanistan yesterday.

Providing effective help and support for service families remains a high priority for the Ministry of Defence. We recognise the challenges that service families face as a result of the current high level of operations and have already made a significant investment—for example, in service accommodation and in making it easier for service personnel and their families to keep in touch during operations. Specialist welfare support staff have also been increased by more than 20 per cent., and we will continue to look at further measures to help in the future.

Simon Hughes: I join the Secretary of State in paying tribute to those who have given their lives. As somebody with a Marines base in my constituency, I pay particular tribute to the Marines who suffered extensively over recent months in active service. Our thoughts are not just with their immediate families, but with their colleagues who remain to do the job on behalf of our country.

Given that there is an opportunity later this year, when our troops come home at last from Iraq, and given that we know that the evidence shows the effects of overstretch on families, divorces and post-traumatic stress disorder, what proposals does the Secretary of State have for taking advantage of having one less theatre of operation to reduce the burdens generally and support the families who need us so much?

Mr. Hutton: I welcome the hon. Gentleman's remarks about the Royal Marines at the beginning of his question; 3 Commando Brigade are doing an outstanding job in Afghanistan today and unfortunately, 42 and 45 Commando have taken very substantial casualties. I am grateful to him for his words of respect and admiration for the Royal Marines, who do a brilliant job for our country.

On service families, the opportunity does present itself later this year, when the operation will significantly change in Iraq, for us to bring about a lessening of the operational tempo for the armed forces, and we are determined to take that opportunity. Of course, we have to keep under careful review the deployment in Afghanistan, and we are looking carefully at what we might need to do there in future weeks and months, but we must and should take advantage of what I think will be a very significant moment later this year to help servicemen and their families adjust to a better way of life, and a period when they can enjoy more contact with each other and their families. That is very much what we are trying to do, and I am grateful to the hon. Gentleman for allowing me to say that.

Mr. David Drew (Stroud) (Lab/Co-op): I, too, associate myself with the earlier remarks about the support for our forces at this time. One of the best ways in which we can support families is to provide greater clarity regarding the provision of accommodation not only when people are serving, but when they leave the armed forces. Can we look again at the ways in which housing is made available, to make sure that it is more easily available and is provided in the way that many of us would like?

Mr. Hutton: Yes; we are prepared at every time to look at ways in which we can improve how we do the work that my hon. Friend has referred to. He will like to know, I am sure, that the Government have made a commitment to invest significantly in improving the standard of service accommodation that we provide for single, as well as married, soldiers. I hope and believe that that will add significantly to some of the morale and satisfaction issues that he alluded to.

Mike Penning (Hemel Hempstead) (Con): May I also pay tribute to the Royal Marines, whom I, along with other Members of this House, had the privilege of visiting in Camp Bastion before the summer recess, and to the Rifles, which is a Territorial Army unit? What special help are families in the TA units being given when they lose their loved ones or when on deployment, which is a completely different issue for them than for the regulars?

Mr. Hutton: Yes, I do accept that point. This is an issue for the welfare support staff whom the MOD employs, and it is also obviously the work of the TA battalions and their officers and commanding officers to make sure that TA soldiers, airmen and royal naval personnel who are on active service get the appropriate family and welfare support that they must receive. I can assure the hon. Gentleman that we put very significant effort into ensuring that the excellent service that the TA renders our armed forces is properly rewarded and that its families do not suffer as a consequence.

Ann Winterton (Congleton) (Con): May I associate myself with the expressions of sympathy to the families and friends of those who have lost their lives since the House last met? When the Secretary of State considers the morale of families, will he take account of the fact that the quality and clarity of the information that they receive while family members are on active duty are vital, that the Ministry of Defence website is sadly lacking in this regard, as are other means of communication from the Ministry, and that because of modern communications, this information is often gained in other ways? I ask him to examine the matter, because I am sure he recognises that it is very important for the morale of families when their loved ones are fighting overseas.

Mr. Hutton: I am very grateful to the hon. Lady for her question, and I agree with its central premise: it is incumbent on Ministers and on the services themselves to maintain morale among service families while husbands and other loved ones are on active service. We fully intend to discharge that duty. If there are practical ways in which we can enhance the utility of the MOD's website—I suspect that it is probably not the principal source of information in this context—we are happy to do that. I shall take away what she has said, consider it carefully and come back to her on it.

Iran

2. **Mr. David Jones** (Clwyd, West) (Con): What recent assessment he has made of potential military threats posed by Iran. [246441]

The Secretary of State for Defence (Mr. John Hutton): We routinely assess the military capabilities of other nations' armed forces, including those of Iran.

Mr. Jones: Last month, Iran conducted a major naval exercise in the gulf of Oman, involving more than 60 warships and military aircraft. Next month, the first shipments of liquefied natural gas will start sailing from Qatar to Milford Haven, and in due course LNG from the Persian gulf will account for some 25 per cent. of the gas consumed in this country. To what extent does the Secretary of State recognise the military threat of Iran to the security of British energy supply and to what extent is the UK working with its allies and the Gulf Co-operation Council to counter it?

Mr. Hutton: I welcome the hon. Gentleman's remarks. He will understand that we take a close interest in these matters. Iran has the ability to contribute not just to greater global security, but to greater global energy security. Unfortunately, it is not doing that, so its influence remains malign and it poses a significant threat not just to global security, but to regional security. Naturally, we keep all those matters under careful review and we discuss all these concerns closely with our allies in the Gulf and elsewhere, but it remains the policy of Her Majesty's Government to ensure that energy supply routes through the gulf of Aden remain open, and we have forces in place there to achieve just that.

Mr. Denis MacShane (Rotherham) (Lab): I am unsure whether my right hon. Friend will have seen yesterday's report by Steve Erlanger in *The New York Times*. It stated:

> "Hamas, with training from Iran and Hezbollah, has used the last two years to turn Gaza into a deadly maze of tunnels, booby traps and sophisticated roadside bombs."

That came from *The New York Times*, not any other source. Does the Secretary of State agree that Iran's involvement in the current crisis, including the smuggling of Fajr-3 missiles into the hands of Hamas, is a great danger and that the warm relationship between the leadership of Hamas and the current anti-Semitic leadership of Iran also indicates just what a poisonous role Iran is playing generally in the region and further afield?

Mr. Hutton: I did not see that edition of *The New York Times*, unlike my right hon. Friend. I shall just repeat my earlier comment that Iran's influence in the region is malign. We want the situation to be transformed, and we are actively pursuing better dialogue and engagement with Iran, but there can be no regional security as long as Iran continues to support not just terrorist organisations in the middle east, but, for example, Taliban elements in Afghanistan, and as long as Iran continues to have active and close links with some of the terrorists and insurgent groups in Iraq. That has to change. Iran has suffered as a result of the isolation that her foreign policy has brought upon her, and that can change if Iran changes her attitude and approach to these issues. Her Majesty's Government are clear about the need for peace and stability in the middle east, and that is not helped by the current policies of the Iranian Government.

Mr. Ben Wallace (Lancaster and Wyre) (Con): Iran can pose such a local and strategic threat because of the technological assistance on missile defence and missile development that it continues to receive from both China and Russia. Can the Secretary of State tell us what Her Majesty's Government are doing to try to stop that flow from China and Russia?

Mr. Hutton: I do not want to go into the detail of that point on the Floor of the House; I hope that the hon. Gentleman will understand. We share his concerns about the possibility of defence forces in Iran being enhanced by such technology and we are in discussions with several nations to try to prevent that from happening.

Mr. Hugo Swire (East Devon) (Con): The news coming from Washington, from President-elect Obama, is that he seeks, and is willing, to engage with Iran. Is that a lead that the Government might want to follow?

Mr. Hutton: We have diplomatic relations with Iran. As I said earlier, we seek an active engagement and dialogue with the Government of Iran, because they are potentially significant partners for peace and security in that region of the world, which is so sorely troubled by the absence of security, but that engagement has to be on the basis of respect for other nations' borders and frontiers and the right of other nations to live in peace and security. Currently, the Iranian Government do not respect those principles, and until they do, Iran will remain an international pariah state.

Dr. Julian Lewis (New Forest, East) (Con): May I associate those on the Opposition Front Bench with the tribute paid to our service personnel who have died or been wounded since the House last met?

In the answer to my hon. Friend the Member for Clwyd, West (Mr. Jones), the Secretary of State seemed to accept that Iran could, if it chose, pose a major naval threat to our fuel supplies. Does he accept that in countering such a threat our attack submarine fleet would be crucial? For that reason, will he consider restoring the promise that the Government made in 2004 to build eight Astute submarines?

Mr. Hutton: We have looked very carefully at all these matters. As the hon. Gentleman knows, we are currently envisaging building seven Astute submarines, and that remains the Government's position. I do not dispute the important role of the ship submersible nuclear fleet in securing those trade routes, and I can assure him that, along with other naval assets from this country and our NATO partners, we retain credible naval forces designed to ensure that our energy supply routes, especially from the middle east, remain open.

Inquests

3. **Rosie Cooper** (West Lancashire) (Lab): What progress is being made in reducing the time taken to complete inquests on members of the armed forces killed on operations? [246442]

The Minister for the Armed Forces (Mr. Bob Ainsworth): We have managed largely to eliminate the backlog of inquests. We have established the Defence Inquests Unit to lead our drive to improve co-ordination and support for families, coroners and others. However, some inquests, due to their complexity, will always take time, and it is only right that they are allowed to do so when necessary.

Rosie Cooper: I thank the Minister for that response, but perhaps he could tell us what lessons have been learned that will enable to us to continue to improve the service we give to the families of service personnel?

Mr. Ainsworth: I have said to the House on previous occasions that one of my priorities in this job was to eliminate unnecessary delay, because it just adds to the pain and suffering of people who have lost their loved ones when we delay our inquiries, and often therefore the coroner's inquiries. We had to get on top of that, and we had to ensure that we eliminated such delay. We have done that over a period of time, and I am enormously pleased by that. We also need to look, as we are doing, at the level of service that we give to families when they have suffered a bereavement, to try to ensure that we give them the most professional support without breaking the vital link between the families and the individual regiments and units to which their loved ones belonged. That is also important.

Stewart Hosie (Dundee, East) (SNP): The Minister will be aware of the good progress made between the UK and Scottish Governments on ensuring that investigations can take place in Scotland into the deaths of service personnel who normally reside there, but I understand that some work remains to be done before that becomes a routine measure. What progress is being made and when is that likely to happen?

Mr. Ainsworth: The hon. Gentleman may know that the then Secretary of State wrote to the Scottish Government in March last year on this issue. We eventually received a reply in November, and we will respond as soon as we are able to do so. I hope that that will be very shortly.

Mr. James Gray (North Wiltshire) (Con): I pay particular tribute to the retiring Wiltshire coroner, David Masters, who has done a superb job in getting the backlog down and in carrying out very difficult inquests such as that into XV179, the Hercules that was downed in Iraq. In the town of Wootton Bassett in my constituency, we see the return of the bodies week by week. Surely it is time for the Government to consider something rather like the hon. Member for Dundee, East (Stewart Hosie) is suggesting with regard to Scotland. Rather than using local coroners in Oxfordshire and now in Wiltshire to carry out these difficult inquests, would it not be possible to have the inquests in the places where the servicemen are based?

Mr. Ainsworth: First, let me join the hon. Gentleman in praising the work of the Wiltshire coroner, whose dedication and thoroughness in his work are quite tremendous and should be applauded. We attempt to have inquests undertaken in the local area wherever possible and we have made some progress in that. We do so overwhelmingly for the benefit of the families. It is not possible in Scotland, but we are looking to sort that out and hope to have the assistance of the Scottish Government in doing so. Mr. Masters has undertaken a lot of inquests, and on the odd occasion he has taken inquests back when it was felt that the expertise that he was able to apply would be more useful than a local inquest. He has been very constructive in that regard.

Robert Key (Salisbury) (Con): Fallen service personnel are repatriated through Lyneham in the constituency of my hon. Friend the Member for North Wiltshire (Mr. Gray). The office and office staff, however, are in Salisbury. The retiring coroner said last week that he feared for the future of the coroner service in Wiltshire because a decision was made with no consultation to move the office and staff from Salisbury to Devizes, the excellent constituency of my right hon. and learned Friend the Member for Devizes (Mr. Ancram), who is in his place. The coroner fears that the expertise of those staff will be entirely lost. It is a complex and difficult situation involving relations with the military. Will the Minister undertake to look very closely at the future of the coroner service in Wiltshire to ensure that a service that serves the nation is not lost but, far from that, is enhanced?

Mr. Ainsworth: I think that I ought to concentrate on trying to do my job as Minister for the Armed Forces rather than trying to run the coroner service as well. I would be worried if we lost the expertise. I am worried that we will lose the expertise that Mr. Masters has built up over time. He is due to retire, so that is possibly inevitable, but we need to try to keep that expertise. The hon. Gentleman laughs, but there is a possibility that we will not be able to retain Mr. Masters's services. I do not know whether that is the case, and it is not a matter for me. I would like us to do whatever we can to maintain the expertise that we have had, but it is not a matter for the MOD in the first instance.

Veterans (Homelessness)

4. **Ms Dari Taylor** (Stockton, South) (Lab): What recent steps he has taken to provide support for veterans who become homeless. [246443]

The Parliamentary Under-Secretary of State for Defence (Mr. Kevan Jones): We have introduced a number of measures that will make it easier for our service personnel to access social housing, become home owners and occupy void MOD properties as an interim measure before leaving service. Following the successful launch of Mike Jackson house, a 25-bed unit in Aldershot, we aim to gift land in Catterick for a similar project. It will offer more veterans short-term housing while they plan their return to independent living.

Ms Taylor: In thanking my hon. Friend for that response, I ask him to reassure the House that the statistics held on the number of veterans who are seeking good housing are accurate. We are aware that London's figures have improved enormously, but what about the rest of the country and, in particular, the north-east? It is time that the MOD spoke to every local authority and housing association to ensure that men and women who have served their country are treated with dignity when it is their turn to be housed or rehoused.

Mr. Jones: I thank my hon. Friend for her interest in this subject, which I know goes back many years. I also thank her for her work in County Durham in promoting the cadets force. This is a real issue. The MOD, along with the Department for Communities and Local Government, commissioned York university to carry out a study into London veterans, which showed that 6 per cent. of the London homeless population are veterans, down from 22 per cent. in 1997. I will be placing a copy of that report in the Library of the House. My hon. Friend also raises an important point about the extension of the problem in the rest of the country. I, along with the Department—I also had a meeting with service charities a couple of weeks ago—will try to commission similar research to ensure that we know not only what the state of the problem is but what can be done about it.

Mr. Nigel Waterson (Eastbourne) (Con): A significant proportion of rough sleepers in my constituency appear to have a services background. Will the Minister give his support to a new project run by my local Salvation Army to set up a hostel for rough sleepers, and will he look into whether some MOD funding might be made available to help the project get off the ground?

Mr. Jones: I commend that initiative. On 2 December, I chaired a meeting of the Veterans Forum, which brings together service charities and others interested in the subject, to discuss homelessness. Later this week I will meet my hon. Friend the Member for Hartlepool (Mr. Wright), the Under-Secretary of State for Communities and Local Government, my counterpart in that Department, to talk about how local authorities and other charities can draw upon the existing expertise, as well as the money available for rough sleepers not only in London but across the country, so I would be interested in having details of the project to which the hon. Gentleman referred to see what assistance I can give.

Mr. Don Touhig (Islwyn) (Lab/Co-op): I welcome what my hon. Friend said about help for homeless ex-servicemen and women, but many who leave the armed forces have problems moving from service to civilian life. What is being done to promote the Veterans Agency as the first point of contact for servicemen and women who need help?

Mr. Jones: I pay tribute to the Service Personnel and Veterans Agency for its work in helping servicemen and veterans. My right hon. Friend highlights the transition stage. Clearly, one answer lies in projects such as Mike Jackson house and I want to explore with service charities and the Department for Communities and Local Government how we can expand the network of support throughout the country. Later this year, I intend to conduct a number of regional meetings with the Service Personnel and Veterans Agency to promote its work in the regions, and ensure that veterans, local authorities and other stakeholders know about the agency's excellent work.

Bob Russell (Colchester) (LD): The Minister will be aware that in my constituency the Army is paying in excess of £700,000 a year for more than 200 Army family houses to stand empty. On homeless ex-soldiers, may I draw his attention to the excellent charity Veterans Aid? Can further support be given to the charity in assisting former members of Her Majesty's armed forces who have fallen on hard times and giving them somewhere decent to live?

Mr. Jones: I certainly commend the work of Veterans Aid. I visited the hon. Gentleman's constituency before Christmas, and one problem with some of the accommodation there is that it is waiting for refurbishment. There are other problems arising from the Addington Homes contract, on which I know that the hon. Gentleman is an expert. When MOD property becomes surplus the Department is conscious of and keen to look at opportunities for providing it on a short-term basis, or even longer term, to servicemen and women when they leave the armed forces. We shall certainly do what we can to help.

Pakistan/Afghanistan

5. **David Taylor** (North-West Leicestershire) (Lab/Co-op): What recent assessment he has made of the effect of the security situation in Pakistan on the routes used to supply UK armed forces serving in Afghanistan. [246444]

The Secretary of State for Defence (Mr. John Hutton): Our assessment of the security situation in Pakistan on the routes used to supply UK armed forces serving in Afghanistan is continuously reviewed. We are grateful to the Government of Pakistan for their support for resupply operations for UK and other ISAF—international security assistance force—members in Afghanistan. Through those efforts our lines of supply have not been significantly threatened and remain open and effective.

David Taylor: The recent closure of the crucial Khyber pass route into northern Afghanistan will no doubt have stretched our air bridge supply lines and the strategic transport aircraft fleet. Can the Secretary of State tell the House whether he is satisfied with the supply route options available and, more narrowly, whether there have been any problems at all with delivery to our servicemen and women in theatre of the all-important morale-boosting mail from home during the Christmas period and the weeks since?

Mr. Hutton: I am grateful for my hon. Friend's concern. I can assure him that all the mail got through, and there is more than one supply route into Afghanistan. He referred to the recent closure of the Khyber pass; it was closed by the Pakistani security forces as part of a sweep to clear insurgents from that part of the Khyber agency, and it has been successful. I can assure my hon. Friend and the House that our lines of supply and communication to Afghanistan are robust and secure, and we have an effective air bridge. Clearly, the air bridge needs to be adequate and sufficient and, if necessary, we will not hesitate to provide additional resources to complement those that we have deployed.

Mr. James Arbuthnot (North-East Hampshire) (Con): In view of the attacks on the supply route, is the Secretary of State considering acquiring new C-17 or C-130 aircraft, and if he is, will they be funded from the contingency reserve?

Mr. Hutton: We are looking at all those issues. The right hon. Gentleman referred to the C-17s; we recently acquired additional C-17s, and we are looking at the possibility of acquiring more, yes.

Mr. Jim Devine (Livingston) (Lab): Along with other hon. Members, I visited Pakistan last week and met the President, the Prime Minister, senior Government figures and Opposition leaders. All were committed to democracy, and were encouraging about the support that the British Government have been giving, but they all expressed concern about Americans bombing and about drone missiles in the north of Pakistan. That not only undermines attempts to introduce democracy, but gives substance to the claims of terrorists. Will my right hon. Friend use his good offices to influence the Americans on that issue?

Mr. Hutton: I have some sympathy with the points that my hon. Friend raises, but essentially those matters are between the US Government and the Government of Pakistan. It would be remiss of me if I did not point out to the House that the attacks have had a significant degrading effect on al-Qaeda operations in the area and, to that extent, have advanced the security of UK and ISAF forces in Afghanistan.

Mr. Bernard Jenkin (North Essex) (Con): As the British Government reassess their strategy with regard to Afghanistan and Pakistan, alongside our American allies, will the Secretary of State comment on reports of an apparent fraying of relations between the British and American militaries? Will he take this opportunity to underline how important it is to our country that we should be able to offer the Americans effective military aid in support of their efforts, so that we remain as important to them as they are to us?

Mr. Hutton: Again, I am very grateful—I am spending all my time today saying how grateful I am to hon. Members—to the hon. Gentleman, and I can give him an assurance. The reports are complete rubbish, and they do not reflect the current state of relations—military, political or diplomatic—between the UK and the United States. The United States remains our principal international ally. UK forces in Afghanistan and Iraq have done a superb job of advancing British policy, and the policies and security of our friends and allies around the world, and—I believe this to be true—they have no critics in the US military at all; it respects and appreciates the work of the UK's armed forces. That is a tribute to the professionalism and bravery of our soldiers, sailors and airmen. It remains my clear view that everything that we in the Ministry of Defence do will be designed to enhance that relationship and ensure that it remains strong and reliable in the years to come.

Mr. Lindsay Hoyle (Chorley) (Lab): My right hon. Friend rightly spelled out the need for more heavy-lift aircraft, but he mentioned using C-130s; where does that leave the A400M programme?

Mr. Hutton: That is a very good question. The A400M programme is now likely to be subject to considerable delay—*[Interruption]*—because of problems that EADS is having in producing the aircraft, not because of any policy decision made by the UK Government or any other partner nations involved in the project. We cannot accept a three or four-year delay in the delivery of those aircraft. That would impose an unnecessary, unacceptable strain on our air assets. We, along with all our partner nations, will have to consider very carefully what the right response to the problem is.

Mr. Ian Taylor (Esher and Walton) (Con): One of the consequences of a better security situation in Iraq is that many of the fanatical extremists are moving up to the north-west frontier in Pakistan. Will the Secretary of State comment on the measures that he is trying to take to prevent the constant flow of extremists from the madrassahs in Pakistan to the front line, where they confront our troops? It is demoralising for our troops always to find that there can be replenishment by the Taliban, and reoccupation of sites that our armed forces had taken, once they have pulled back in order to retrench.

Mr. Hutton: I agree absolutely with the central thrust of what the hon. Gentleman said—the need for greater border security between Afghanistan and Pakistan is a top priority, and I am glad, for example, that Presidents Karzai and Zardari recently agreed to focus additional effort on border security, which we welcome. The Pakistani frontier corps is making a significant effort, both in Baluchistan and in Waziristan in the tribal areas, to try to get a proper grip on what is happening. The hon. Gentleman is absolutely right that it is demoralising to see Pakistan used as a sanctuary and a source of resupply and reinforcement for the Taliban and al-Qaeda in Afghanistan. The solution to that problem will primarily require a greater focus of effort on the Afghan side of the border and on the Pakistan side, but I can assure him that British military advisers are involved in those debates and discussions, and we are looking at what further help we can provide, on both the Afghan and Pakistan sides of the border, to address those serious issues.

Dr. Liam Fox (Woodspring) (Con): Further to that, does the Secretary of State not agree that the federally administered tribal areas provide an enduring criminal sanctuary? They provide command and control for the Afghan insurgency, with financial support and training. Is not the bottom line that we cannot achieve our objectives in Afghanistan until we disrupt at the very least the al-Qaeda-Taliban network that is attacking from Pakistan? When the United States takes out al-Qaeda leaders, should we not celebrate, rather than criticise?

Mr. Hutton: I think that that is exactly what I did a few minutes ago. They are our mortal enemy, and we are involved in a fundamental struggle with them, in which we must prevail. I accept the need for greater security in Afghanistan, which will be met to a great extent if we can tighten the freedom of movement across the Afghanistan-Pakistan border. The challenge is the best way to do so. It is primarily an Afghan and Pakistan issue of security that must be addressed, but we are doing everything that we possibly can to enhance the safety and security of the British mission, and that of our allies and partners in Afghanistan, as we deal with al-Qaeda and Taliban insurgents. That will continue to be my absolute priority during my time as Secretary of State for Defence.

Dr. Fox: To guarantee the security of supplies when they reach Afghanistan, we need a rural security presence, especially with a dispersed rural population. Does the Secretary of State believe that we have sufficient forces to clear and hold territory, then build on that, whether from the international security assistance force, Operation Enduring Freedom or the Afghan national security forces? If extra forces are required, how can we get our allies to shoulder their fair share of the international security burden? Surely, joint security implies joint commitment?

Mr. Hutton: Yes, I agree very strongly with that, too, and we continually make the case in NATO that our allies should take more responsibility for operations in Afghanistan. I believe that the conflict in Afghanistan will be the defining conflict of the 21st century for NATO, and will confirm its relevance or otherwise, so it is absolutely essential that there is proper and effective burden sharing. As for troop levels in Afghanistan, the hon. Gentleman will be aware that my right hon. Friend the Prime Minister made an announcement recently about additional deployments to Afghanistan, partly to advance some of the operations to which the hon. Gentleman drew attention. We need more security, particularly around Lashkagar, and that is what Operation Sond Chara was designed to do over Christmas and early in the new year. It has been a resounding success. The theatre capability review has just been completed in Afghanistan, and we are considering its findings. If there is a case, and if there is an announcement to be made about additional deployments in Afghanistan, I can assure the hon. Gentleman and the House that this will be the first place to hear it.

Veterans

6. **Mr. Jim McGovern** (Dundee, West) (Lab): What steps his Department has taken to raise public awareness of veterans' rights. [246445]

The Parliamentary Under-Secretary of State for Defence (Mr. Kevan Jones): The nation's commitment to service personnel, dependants and veterans was set out in the service personnel Command Paper published last July, which received widespread publicity. Benefits and assisted support are publicised through Government and ex-service organisation websites and publications, and through local and national press articles. We are also determined to use the armed forces day on 27 June this year to publicise the range of benefits and support available to our veterans.

Mr. McGovern: May I add my message of sympathy to those families who have lost a member of their family serving in the armed forces since the last time the House met. May I also pay tribute to Mr. Victor Herd and Mr. Bruce Kelly of the Combined Ex-Services Association in Dundee, whose time, effort and commitment ensure that Veterans day in Dundee has been a success every year since it was inaugurated. I am sure all hon. Members would agree that respect and recognition are due to those who have served this country, whether that comes via health care priority, the veterans' badge or, indeed, Veterans day. Could the Minister outline in more detail the Government's plans for the newly titled armed forces day 2009?

Mr. Jones: I add my congratulations to those two individuals. They are part of an army of volunteers throughout the country who serve charities and do unpaid voluntary work, and we should thank them wholeheartedly. I will make an announcement later this month on the successful city that has been chosen for Veterans day. Alongside that, I will publish suggestions about how towns, cities and communities can get involved, and I would like individual Members of Parliament to do what they can to promote armed forces and Veterans day.

Willie Rennie (Dunfermline and West Fife) (LD): Will the Minister join me in praising the work of the Fife Veterans Association, which does the sort of work that he described—voluntary work, promoting and standing up for veterans throughout the kingdom? The association does a splendid job promoting the rights of those veterans, and it deserves the support of the House and beyond.

Mr. Jones: I am pleased to join the hon. Gentleman in congratulating Fife veterans. I visited Scotland before Christmas and met Veterans Scotland. I pay tribute to them and the range of organisations involved in Veterans Scotland that are doing a fantastic job in Scotland to promote veterans' affairs and offer practical assistance to veterans.

Mr. Brian Jenkins (Tamworth) (Lab): My hon. Friend recognises that we have made tremendous strides recently with regard to veterans. One measure that particularly pleased me and, I am sure, my hon. Friend and everyone else is the free university education for veterans and free training and qualifications for veterans. Have we yet linked up universities and colleges through the MOD and Army sites to allow veterans to be aware of where they can go, what qualifications they can get and the fact that they can take that up free?

Mr. Jones: Like my hon. Friend, I am pleased that that was a key part of the service command paper. Later this year we will announce the first individuals who will be taking advantage of that. Armed forces day will be part of the promotion of the steps that we have taken and where we are up to in implementing the recommendations in the service command paper. As my hon. Friend knows, in July this year the evaluation paper will be placed before Parliament showing exactly what we have done and how far we have got in implementing those measures, which our servicemen and women rightly deserve.

Dr. Andrew Murrison (Westbury) (Con): The right to priority treatment for occupational illness caused by service in the armed forces is implicit in the military covenant, yet the UK is shamed by its allies' superior effort in raising awareness among servicemen, veterans, health care professionals and the general public of the potentially crippling nature of combat stress and what can be done about it. What plans does the Minister have for active combat stress case finding, or are his Government content simply to allow the increasing number of veterans with severe service-attributable mental ill health to go undiscovered and untreated?

Mr. Jones: I am shocked and surprised that someone who is a clinician does not understand what we have done. An excellent report recently produced by the King's Centre for Military Health Research outlines 10 years of research ranging from the issues associated with Gulf war syndrome to a very good study, which I suggest the hon. Gentleman should read, on Operation Telic, which looked at 7,000 people—3,000 who did not attend operations and 3,000 who did. It brings out some very good figures, and shows, for example, that some of the alarmist statements about post-traumatic stress disorder are not being found. That is not being complacent; it is making sure that we have the evidence in place to ensure that the services that those individuals deserve are available. I do not accept that the Government or the United Kingdom are doing any less than any other country. They are, perhaps, doing more.

Shipping Safety (Horn of Africa)

7. **Mr. Andrew Pelling** (Croydon, Central) (Ind): If he will hold discussions with the Government of the People's Republic of China on the safety of shipping in the waters off the horn of Africa. [246446]

The Minister for the Armed Forces (Mr. Bob Ainsworth): We continue to discuss the issue of shipping safety off the horn of Africa within the international community. UK officials and officials from the People's Republic of China will be in attendance at the contact group, which is due to meet this week to discuss a coherent international response to this difficult problem. The People's Republic of China has sent three vessels to the gulf of Aden and international forces are liaising with them to ensure that their activities are co-ordinated. We welcome China's contribution.

Mr. Pelling: Following on from the Minister's welcome, does he feel that this is an opportunity to work more closely and co-operatively with the People's Republic of China on defence matters in the African continent and the middle east as a whole?

Mr. Ainsworth: We try to have appropriate contacts with the Chinese military, on a military-to-military basis. The Chinese military's potential is considerable because of their size; if they can be made to be a contributor to international efforts, as they already are in so many areas, that is to be welcomed. It is a positive move, and we do everything that we can to encourage it.

Topical Questions

T1. [246465] **Mr. Philip Hollobone** (Kettering) (Con): If he will make a statement on his departmental responsibilities.

The Secretary of State for Defence (Mr. John Hutton): My departmental responsibilities are to make and execute defence policy, to provide the armed forces with the capabilities that they need to achieve success in the military tasks in which they are engaged at home and abroad, and to ensure that they are ready to respond to any tasks that might arise in the future.

Mr. Hollobone: What impact will sterling's collapse have on the UK's contribution to the joint strike fighter?

Mr. Hutton: To answer that, we would have to think of what the exchange rate will be in five or 10 years' time, and I am not sure that the hon. Gentleman or I would want to engage in that kind of speculation.

T2. [246466] **Mr. Andrew Mackay** (Bracknell) (Con): Will the Secretary of State let the House know his plans to airlift kit and equipment from Iraq to our troops in Afghanistan, particularly as with our troops leaving Iraq it would be extremely helpful to replace Snatch Land Rovers in the country so that we do not have any further problems there?

Mr. Hutton: We will have to address those issues at the time. I say to the right hon. Gentleman that I have already made it clear that I would look to redeploy the Merlin helicopters from Iraq to Afghanistan as soon as is feasible; I think that that will be towards the end of this year.

The chief of joint operations General Sir Nick Houghton has recently given advice to Ministers about the continuing use of Snatch Land Rovers, which we regard as important. However, that has to be seen alongside our commitment to a very significant investment in new armoured vehicles: nearly 1,200 new, better-armoured vehicles—Jackals, Mastiffs and others—will form the front line of the force on active patrol outside the base perimeters. They will provide significantly enhanced capabilities. The eventual destination point of all the equipment currently in Iraq is a matter that Ministers will decide on the advice of the service chiefs themselves.

Ms Diane Abbott (Hackney, North and Stoke Newington) (Lab): The Secretary of State will be aware of the furore in the press over the weekend about Prince Harry's description of a fellow officer as a "Paki". Does he agree that although most people would accept that Prince Harry has grown up since then and that he probably did not intend to be abusive, very many people who originate from the Indian subcontinent find that term deeply offensive? It would be a shame if the very real efforts that the armed forces have made to recruit from diverse communities were undermined by the coverage of that incident.

Mr. Hutton: I agree with my hon. Friend. I hope that all in the House would accept that the use of that kind of language has no place at all. I also accept her other point. Prince Harry has made, I think, a very genuine apology and I believe that no individual offence was intended by his remarks. I understand that Prince Harry will be interviewed by his commanding officer in the next few days.

I also agree with what my right hon. Friend the Prime Minister has said about this matter. We have received the apology, and it is time for us to move on. We should not lose sight of one very important fact in all this: Prince Harry has served his country on active service in Afghanistan, and I believe strongly that there is no better example of public service than that.

Nick Harvey (North Devon) (LD): The House is aware of the pressures on the defence budget. We have seen warship numbers reduced, the carriers delayed, helicopter numbers reduced, and the future rapid effect system programme reordered and delayed. Given the economic climate and the priority that the Prime Minister, in particular, is giving to jobs, will the Secretary of State stress to his Government colleagues the warnings from the defence industries and the fact that if the Government would invest in the defence programme now, durable jobs could be saved for the long term, and that if they do not, some of them will be lost for ever?

Mr. Hutton: The hon. Gentleman refers to the equipment examination. The outcome of that was designed to save, protect and preserve jobs in the defence manufacturing base, and it will do so. In the west country, his own part of the country, the decision that will be made on the future Lynx helicopter will safeguard hundreds of jobs in Yeovil and thousands of jobs across the supply chain, mainly in the south-west. As regards naval construction, we have the largest programme under way since the end of the first world war. Therefore, with great respect to the hon. Gentleman, we will not take any lectures from him or his party, who are not even committed to matching the current levels that this Government are spending on defence.

T3. [246467] **Mr. Crispin Blunt** (Reigate) (Con): Just before Christmas, the Department announced, by way of written rather than oral statement, substantial cuts and delays in the defence equipment programme. What does it say about the current order of Government priorities that while they are throwing scores of billions at the economy in a desperate effort to avert disaster, far from accelerating the defence equipment programme, they are cutting it?

Mr. Hutton: We are not cutting defence spending. I invite the hon. Gentleman to take a closer look at the examination outcome. *[Interruption.]* No, we are not cutting the levels of defence spending announced in the comprehensive spending review, so there are no cuts in the MOD's defence budget. That is a fact. I challenge the hon. Gentleman to go away and see whether I am right or wrong; he will find that I am right.

Linda Gilroy (Plymouth, Sutton) (Lab/Co-op): I join colleagues who have acknowledged the sad loss of life from current deployments; we should also acknowledge the severe injuries that are often happening. In respect of armed forces day, does the Secretary of State recognise that one of the key purposes of the first such day will be to acknowledge recent and current deployments, and can he assure me that that will be fully taken into account in the selection of the national focal point?

The Parliamentary Under-Secretary of State for Defence (Mr. Kevan Jones): As I told the House earlier, I will be making an announcement later of the successful venue for the national celebrations. Let me emphasise to my hon. Friend and other Members that what is needed is that all communities, large or small, take active part in armed forces and Veterans day. I urge her and other hon. Members to ensure that they play a key part in encouraging local communities, councils and others to do so.

T4. [246468] **Mr. Michael Jack** (Fylde) (Con): The Minister with responsibility for defence procurement has considerable understanding of the German political system, so may I ask him what steps he is going to take in the continuing discussions among the partner countries in the Eurofighter consortium to ensure that the discussions on the shape, size and timing of tranche 3 are concluded well ahead of the German elections?

The Parliamentary Under-Secretary of State for Defence (Mr. Quentin Davies): The right hon. Gentleman has been assiduous in pressing me on that, and I understand and respect the reasons for his doing so. He knows a lot about the background. I am sorry to say that I cannot take him much further forward today. Those discussions with the Germans and our other partners are continuing, and until we have concluded them we cannot make any announcement about the draw-downs of tranche 3. Of course, as soon as I can make a statement to the House, I will do so.

T5. [246469] **Mr. John Baron** (Billericay) (Con): Having prolonged periods in combat zones without proper rest is described as the No. 1 negative retention factor for officers and soldiers in the latest Army survey. Given that many Army units are in breach of the harmony guidelines, which recommend that units have a period of two years between operational tours, what will the Government do to try to give our troops the proper support that they fully deserve?

The Minister for the Armed Forces (Mr. Bob Ainsworth): The hon. Gentleman knows, as does the whole House, that we have been operating above our defence planning assumptions for some time. That has led to the breach of harmony guidelines in several areas, although there has been an overall improvement in recent times. However, harmony guidelines issues still affect some units considerably. As the Secretary of State said, as we draw down to a lower level of commitment in Iraq, we must take the opportunity to look at what is needed in Afghanistan, and put ourselves on a sustainable footing with regard to individual and unit harmony guidelines as well as to what is needed in the operational theatre.

Jim Sheridan (Paisley and Renfrewshire, North) (Lab): My right hon. Friend will be aware that recruitment and retention is crucial to the long-term future of our armed forces. Would he therefore inform the House what incentive is in place to ensure that those who choose the armed forces as a career are given every opportunity to reach the very top, provided that they are capable? Any class system that exists should be dismantled.

Mr. Hutton: This week the Government will set out new proposals to enhance the issue of social mobility; the armed forces must, above all else, be a genuine meritocracy. If there are practical steps that we can take to extend opportunities for people from a wide variety of backgrounds to reach the top in all of the three services, we should take advantage of them, and I hope that we will do so in the weeks and months ahead.

Mr. Gerald Howarth (Aldershot) (Con): The Secretary of State was keen to try to defend the Government against accusations by my hon. Friends that they have cut the budget. But I put it to him that the future Lynx programme has been cut, the FRES programme has been virtually abandoned, and the MARS programme—military afloat reach and sustainability—has been delayed, and he told the House in a written statement before Christmas that the aircraft carriers will be delayed by one or two years. While the Prime Minister is busy telling the rest of the country that he is spraying money around here, there and everywhere to stimulate projects, why does he not invest in the defence industry of this country? It is a high-tech industry with the capability to deliver high-quality jobs, and more importantly it can deliver for the armed forces of our country. The French are investing €2 billion in their defence budget; why will the Secretary of State not do so? Is it because the Prime Minister has little sympathy for the armed forces, or because the Secretary of State has little influence?

Mr. Hutton: As the hon. Gentleman knows, defence spending in this country is rising, not falling, correcting a trend that we inherited. It has taken us time to put that right. With great respect to the hon. Gentleman, we will not take lectures on procurement from him or his colleagues because, at best, all that they have promised to do is match our current levels of spending. Until he can come to the Dispatch Box and say that he will spend more, we will take everything that he says with a giant pinch of salt.

Harry Cohen (Leyton and Wanstead) (Lab): Will the Secretary of State say why anyone of Pakistani origin should join the armed forces, or give support to the British armed forces, when there will be a widespread feeling that such racist attitudes are prominent? Was it proper for the—

Mr. Speaker: Order. We will let the Secretary of State answer the question.

Mr. Hutton: We are covering the same ground covered by my hon. Friend the Member for Hackney, North and Stoke Newington (Ms Abbott) earlier, and I hoped that I had dealt with the point then. The armed forces will tackle discrimination wherever it rears its ugly and unacceptable head, and we have shown that we are prepared to do that. On the fundamental question of why British Pakistani citizens should join the armed forces, they should do so for the same reason that others do: to serve the country in the spirit of public service. We welcome them to do that.

T7. [246471] **Mr. Andrew Robathan** (Blaby) (Con): Given that the Government have stated that the two aircraft carriers that were ordered are critical not just to future defence policy and operations, but to the future of the Royal Navy, can the Secretary of State give us a full explanation of how long the aircraft carriers will be delayed and of the impact that that will have on future operations and policy? Why should the rest of the country not see that as a full defence cut?

Mr. Quentin Davies: It was not a defence cut in any sense. What we have done is to align better the in-service date of the two carriers with the in-service date of the new JSF aircraft designed to fly off them. The rescheduling of the carriers by between one and two years makes a lot of sense, and is without any cost whatsoever to the nation's defence capability.

T8. [246472] **Sir Nicholas Winterton** (Macclesfield) (Con): Under the Helix project, the Ministry of Defence is shortly to take a decision on the replacement of three Nimrod R1 aircraft. There is a danger that the Government will order the Boeing Rivet Joint aircraft, which is much older than the Nimrod R1, when instead they could use the MRA4 platform, which would guarantee the jobs that the Government rightly want to achieve at this time of credit crisis. Will they seriously consider the MRA4 platform, and not purchase an older aircraft from overseas?

Mr. Davies: I have noticed the hon. Gentleman's early-day motion on the subject. He makes a forceful and formidable case, as the House always expects him to, in favour of the MRA4 rather than the Rivet Joint. There are points to be taken into account on the other side of the argument, as I know he will appreciate, and no decision has yet been taken.

T9. [246473] **Mr. Desmond Swayne** (New Forest, West) (Con): How many Astute attack submarines will the Minister order?

Mr. Davies: Seven.

Gaza

3.31 pm

The Secretary of State for Foreign and Commonwealth Affairs (David Miliband): With your permission, Mr. Speaker, I will make a statement on the appalling situation in Gaza. As the House will know, the fighting continues, but the bald statistics of the rising death toll do justice neither to the scale of the suffering nor to the ramifications of the conflict. I said at the United Nations last Tuesday that the crisis was an indictment of the international community's collective failure, over years and decades rather than just months, to bring about the two-state solution that offers the only prospect of lasting peace in the middle east. However, there are more proximate causes of the current conflict.

The Gaza truce of June to December 2008 was less than a ceasefire. More than 300 rockets were fired into Israel, 18 Palestinians were killed in Israeli military incursions into Gaza, the humanitarian situation in Gaza went from bad to worse as the Israeli Government restricted the supply of goods, fuel and aid to Gaza, and the political negotiations for a viable Palestinian state proceeded too slowly. However, the immediate trigger for Israeli military action on 27 December was the end of the truce. Hamas refused to extend the lull and instead fired almost 300 rockets into Israel between 19 and 27 December. Those rockets, and the hundreds fired since, were a cruel choice by Hamas to target Israeli civilians and to reject again the fragile peace negotiations that had been taking place between the Palestinian Authority and the Israeli Government since the Annapolis conference in late 2007.

Whatever the trigger, however, the immediate consequence of the Israeli military action over the past fortnight is very clear indeed: more than 800 dead, many of them civilians and apparently more than 250 of them children—the most terrible statistic of all—and thousands injured. It is the horror of war on top of months of deprivation. The Quartet envoy, Tony Blair, went so far as to call the situation in Gaza "hell". The shortages of food, fuel and medicine are acute. The United Nations Relief and Works Agency had to suspend its activities, which have fortunately been restarted. The Swedish Foreign Minister told me yesterday that a church-run medical centre had been bombed. The scale of the suffering that is already evident, before the full entry of journalists and other personnel, is immense.

Today, I met a group of leading independent non-governmental organisations that are active in delivering humanitarian aid in Gaza. Every day, those NGOs have to decide whether it is safe for staff to work there. Tragically, several have been killed or injured. The concerns of those NGOs bear reporting to the House. Sixty trucks a day are currently entering Gaza—less than one sixth of the 400 deemed the minimum necessary. The current three-hour daily pause in fighting, although better than nothing, is deeply flawed in its practical effect. The blockages on people leaving Gaza for medical attention are profound.

Extremely serious allegations about the conduct of both sides during the conflict have been made by the International Committee of the Red Cross and others, and they must be properly investigated. Since the beginning of Israeli military action in Gaza, both the Prime Minister and I have called publicly and privately for an immediate ceasefire. On the first day of the conflict, the UN Security Council, with the support of the British Government, called for an

> "immediate halt to the fighting".

The EU presidency also called for

> "an immediate end to hostilities"

and described the use of force as "disproportionate". The British Government support that view. The emergency meeting of EU Foreign Ministers called, with my support, on 30 December for an immediate and permanent ceasefire, urgent humanitarian steps, including opening crossings, and action on the illegal traffic in arms and their components into Gaza.

On 3 January, we said that the escalation of the conflict to include a ground offensive would cause alarm and dismay—as well as more death and destruction. Those issues were at the heart of three days of negotiations last week at the United Nations. Our priority was for a loud, clear and unified message to come from the Security Council. That was significantly achieved in resolution 1860, introduced in Britain's name, and the product of intensive unified work by Secretary Rice, French Foreign Minister Kouchner and myself, working to find common ground with the Arab League delegation led by His Royal Highness Prince Saud of Saudi Arabia.

Security Council resolution 1860 is clear in its call for an

> "immediate, durable and fully respected ceasefire"

leading to full Israeli withdrawal from Gaza. It also denounces all acts of terrorism. It summarises well the British Government's agenda of action in the search for a ceasefire and sets out authoritatively what the international community expects to be implemented. The Prime Minister and I have been working on that over the weekend and will continue to focus on it this week.

First, relief is needed for the desperate humanitarian situation in Gaza. Emergency aid is essential, and Britain has added $10 million to its aid contribution since the conflict began. We will continue to support the United Nations, the International Red Cross and Red Crescent and other international agencies, which have the infrastructure and expertise to lead the humanitarian response in Gaza. But international aid agencies need the wholehearted support of the Israeli Government, and I urge the Israeli Government to provide it. However, in truth only a ceasefire and opening the crossings on the basis of the 2005 Israel-Palestinian Authority agreement can deliver sustained progress.

Secondly, there need to be security improvements—above all a curb on the trafficking of illegal arms into Gaza. Those armaments are the source of fear for hundreds of thousands of Israelis, some of whom I talked to in Sderot in November. They are also a threat to any prospect of Palestinian reconciliation, designed as they are to entrench the power of Hamas in Gaza in defiance of President Abbas's call for

> "One Authority, one source of security".

I spoke twice yesterday to Egyptian Foreign Minister Aboul Gheit on the issue, and commend Egyptian efforts to develop further action on that front, and urge that the direct talks between Egypt and Israel are brought to a conclusion as soon as possible.

[David Miliband]

Finally, there is a political imperative to re-establish the unity of the Palestinian people under the leadership of the PA. I continue to be convinced that the division of Palestinian political authority needs to be addressed. Egypt and the Arab League continue to mediate between Fatah, Hamas, and the other Palestinian factions. The aim must be a strong Palestinian Authority, speaking for all Palestinians, committed to the two-state end and peaceful means upheld by the vast majority of Palestinians.

The United Nations resolution is clear, but so was the response. The passage of the resolution on Thursday night, New York time, was followed within hours by its rejection by both sides to the conflict. The resolution calls on all states in the region to support peace efforts. The Prime Minister and I have been in close touch with the Israeli Government since the onset of the crisis. The Israeli Prime Minister, Foreign Minister and Defence Minister argued strongly against any UN resolution. Their argument is that there can be no equivalence between a democratic state and a terrorist organisation.

There is and can be no equivalence. Hamas has shown itself over a number of years ready to be murderous in word and deed. Its motif is "resistance" and its method includes terrorism. Israel is, meanwhile, a thriving, democratic state with an independent judiciary. However, one consequence of the distinction between a democratic Government and a terrorist organisation is that democratic Governments are held to significantly higher standards, notably by their own people. That is one reason why we supported resolution 1860—to uphold the standards on which Israel and the rest of us depend. As a beacon of democracy in the middle east, Israel's best defence is to show leadership in finding a political solution to the crisis and comply with the standards of international humanitarian law.

A week before the onset of a new American presidency, immediate issues of life and death need to be addressed. We are working with Egypt, the US, European partners, Saudi Arabia, Turkey, Lebanon and Syria, all of which are playing a role in talking to various of the parties. The UN Secretary-General is in the region today. The focus of all our efforts is to implement the resolution.

Over the past 40 years in the middle east, the immediate has become the long term. Short-term conflict has become long-term division. So while the current hostilities require urgent attention and action, so too do the medium and long term, and war cannot address that. The Government stand four-square behind UN Security Council resolutions 1850 and 1860, which call for renewed and urgent efforts by the parties and the international community to achieve a comprehensive peace.

Security and justice for a Palestinian state depend on a political settlement that defends its existence and cherishes its rights. Security and justice for Israel depend on the same political settlement that cherishes its existence and defends its rights. Our vision must be of two democratic states, Israel and Palestine, living side by side in peace, with secure and recognised borders. As that vision comes under threat, it bears repeating.

The Arab peace initiative, which offers Israel recognition by, and normalisation of relations with, the 22 Arab League states, and to which Israel's leaders had started at the end of last year to respond favourably, provides the right regional comprehensive vision for progress. However, at a time of war on the current scale, those words can seem worthless. It is the war that pushes them out of reach; and that is one further reason why the current war needs to be brought to an end, before further loss of life renders the vision unattainable, as those committed to necessary compromise are marginalised.

Mr. Speaker, I hope that you will let me conclude on the following point. Peace benefits Israelis and Palestinians; war kills both. They are destined to live next door to each other. They can do so either as combatants or as neighbours. We are committed to help them do the latter. That is what Israelis need and what Palestinians need; it is also what we need, before it is too late.

Mr. William Hague (Richmond, Yorks) (Con): May I thank the Foreign Secretary for his statement? In common with him, we on the Conservative Benches deeply regret the loss of life on both sides in Gaza, in particular among civilian populations. The situation for Gaza's civilians is clearly desperate, particularly for the 3,000 injured, for the families of the 257 children who have lost their lives, to whom the Foreign Secretary referred, and for the many people in Gaza who may not even support Hamas and who simply want to live in peace, but who find that rockets are being launched from inside their neighbourhoods, which are then targeted by Israeli military operations. We therefore concur with the Foreign Secretary's description of the situation for them and with his calls for action.

It is also a fearful time, we must not forget, for many Israeli civilians, who live under the threat of ever-longer-range rocket attacks that are expressly intended to kill them. We as the Opposition support the international community's demands and the Government's demands for a ceasefire on both sides. We welcome the passage of UN Security Council resolution 1860, Britain's sponsorship of that resolution and the $10 million in aid that Britain has promised for Gaza.

The immediate trigger for this crisis, as the Foreign Secretary has described, was the barrage of hundreds of rocket attacks against Israel on the expiry of the ceasefire or truce. Does that not underline the utter tragedy of Gaza in recent years which has slid further into isolation and poverty, just when the first steps towards greater stability and economic activity are being witnessed on the west bank? I am sure that the Foreign Secretary will agree that whenever we discuss Hamas we should remind ourselves that it has made no progress towards the Quartet principles of recognising Israel, renouncing violence and accepting previous peace agreements, and that it must do so before it can be accepted as a negotiating partner.

Does the Foreign Secretary agree that it is nevertheless not in Israel's interests that this conflict should continue for a long time, because it risks escalating the situation on other borders, such as that with Lebanon, because it may allow Hamas to declare victory simply by surviving the onslaught, and because it risks damaging the whole middle east peace process? Bringing the conflict to an end clearly requires a ceasefire on both sides. It is surely right that Egypt is looking in its mediation for a ceasefire that involves not only an end to military operations, but the effective prevention of arms smuggling into Gaza, in particular if the crossings are to be reopened.

Given that the Security Council resolution has failed to bring a stop to the violence, despite all the international efforts, and that the Foreign Secretary rightly urged that talks between Egypt and Israel come to a conclusion as soon as possible, does he have any indication that that might happen in the coming hours or days? Will he say a little more about the initiatives taken by Turkey and whether he expects those to bear fruit in the coming days?

The Foreign Secretary spoke of acute shortages of medicine. Can he tell us whether any international aid is getting into Gaza's hospitals at all? Can he also say what assessment has been made by the UN of the damage in Gaza and of the steps needed to restore its electricity and water supply, and supply shelter for those whose homes have been destroyed? Can he say more about the potential for a mechanism to prevent the smuggling of arms into Gaza? What exactly might that involve, and what role could be envisaged for Britain in that mechanism?

Does the Foreign Secretary expect any ceasefire agreement to provide for the opening of Gaza's borders? This is a question not simply of aid but of trade and of the movement of people, so that the people of Gaza can hope for a better life. Can he say whether steps are being considered to resume the EU's border monitoring mission at the Rafah crossing into Gaza, and under what conditions that might happen?

The immediate priority must be to achieve a ceasefire and to address the humanitarian crisis, but we must not lose sight of the need to push the middle east peace process forward urgently when those things are in place, in order to break the vicious cycle of ceasefires and violence, and to achieve a peace settlement that will deliver a-Palestinian state. We all look to a new US Administration to provide the sustained leadership and impetus needed if all sides are to make the necessary compromises, including on the part of Israel with regard to settlements on the west bank.

Does the Foreign Secretary agree that the long-term security of Israel will depend on its readiness to be as bold in seeking peace as it has been in using military force? We hope that the Government will take every opportunity to urge the new US Administration, supported by their allies, to place the middle east peace process among their top foreign policy priorities, so that, out of the terrible bloodshed of the past two and a half weeks, some hope for the future might at last emerge.

David Miliband: Let me address some of the right hon. Gentleman's questions. First, in respect of Hamas, it is important to recognise that talks did take place, sponsored by Egypt, on a so-called reconciliation between the Palestinian Authority, led by President Abbas, and the Hamas leadership in Gaza. Those talks were due to conclude in November at a meeting which Hamas decided not to attend or to participate in. The hopes for a so-called technocratic government—or even a national unity government—for 2009 were therefore dashed. That is obviously a significant part of the split that currently exists, and does no good at all to the Palestinian cause or, I would argue, to Israel's search for a proper partner to negotiate a peace process.

The right hon. Gentleman wondered whether the current conflict was in Israel's interest. It is obvious from the fact that we have been calling for an immediate ceasefire, as has he, that we think that it is in Israel's interest as well as in the interest of the Palestinians who are under fire that the war needs to end as soon as possible—immediately. I think that he asked for a prediction on whether it would end in a matter of hours or days, but I am sure that he will understand if I say that it would be foolish to make such a prediction. I can tell him, however, that the two conversations that I had yesterday with the Egyptian Foreign Minister suggested that, while there is a degree of urgency—representatives of Hamas were in Egypt yesterday—there are also fundamental issues that need to be overcome if the two sides, which are currently saying that they do not want a ceasefire, are to embrace one.

In regard to the situation on the ground in Gaza, some aid and medical equipment are getting in. In my meeting with the non-governmental organisations today, it was important to note that they are fully focused on the need to get aid in while the crisis continues as well as on planning for the post-conflict efforts. At some level, it must seem absurd to be talking about humanitarian aid in a condition of war, but of course, for some people, that can mean the difference between life and death. It is therefore important that we support it, and that is also why I believe that the Israeli Government should co-operate with the NGOs. In regard to a UN assessment, I think that we shall have to wait, in the short term, for the Secretary-General's report after his visit this week. However, it will take longer for more people to be able to get in and make a proper assessment.

In respect of the smuggling of arms, the right hon. Gentleman will know that the estimate of the number of tunnels is now above 200. Their presence is incentivised not least by the fact that the closure of the crossings means that even non-arms trade has to go through the tunnels. That is why the issues of smuggling and of the tunnels go together. Action needs to be taken on the smuggling simultaneously with the opening of the crossings. Unless the crossings are open, we will not be able to crack down on the smuggling, which is getting flour, never mind arms, into Gaza.

There is technical support that can be offered to the Egyptian Government, however, and that is being done. Also, under the 1979 Egypt-Israel peace treaty, a multinational force of observers is posted in Sinai, providing some international presence. The right hon. Gentleman will know that, as well as the issue of tunnelling from Egypt into Gaza, there is the matter of traffic through Sinai and Negev and working with the Bedouin on that.

The right hon. Gentleman asked about the European presence. European observers ready to man or provide a European presence at the crossings are in the middle east now, but they have not been able to deploy because the crossings are closed. The presence is ready to deploy as soon as the crossings are open, and it is certainly our view that they should be opened as part of a ceasefire deal.

The right hon. Gentleman talked in passing about the west bank. I want to say a word about this, as many people will have been deeply concerned at the prospect of a call by Hamas for a third intifada on the west bank creating a further source and scene of carnage in the middle of this crisis. It is hugely to the credit of the Palestinian Authority—of President Abbas, Prime Minister Fayyad and their security forces—that no such intifada has taken place. That is partly a product of security, but it is also a product of the economic and political leadership that has been significant over the past year.

[David Miliband]

The right hon. Gentleman is, of course, right that if a final settlement is to create the viable Palestinian state that we believe is necessary not just for the Palestinians but for the security of Israel, it needs to be based on the 1967 borders.

Mike Gapes (Ilford, South) (Lab/Co-op): I welcome the Foreign Secretary's measured and comprehensive statement and pay tribute to the role that he and our diplomats in New York played in the adoption of Security Council resolution 1860. Does my right hon. Friend agree, however, that it is not just regrettable but deplorable that both Hamas and the Government of Israel summarily rejected that resolution? Is it not also deplorable that the United States Administration, having said that they supported the resolution, could not bring themselves to vote for it? Did that not send the wrong signal from the US Government to hard-line elements in the coalition in Israel, and thus produce the wrong result?

The Foreign Secretary said that the Arab League and Egypt are engaged in dialogue with Hamas. In the process of getting a conclusion to this conflict and the beginnings of the necessary settlement, is it not time that the Quartet allowed its representative, Tony Blair, and other representatives to engage directly with Hamas, too, in order to move them to the Quartet principles of non-violence, recognition of the state of Israel and abiding by previous agreements?

David Miliband: In respect of the US abstention, we would of course have much preferred to see US support for the resolution, as the middle east depends on strong United States engagement and leadership. However, the fact that Condoleezza Rice should say in the explanation of vote that she supported the objectives and contents of the resolution is significant. My hon. Friend is none the less right that the middle east needs strong American leadership if progress is to be made.

It is important to say that a lot of people are talking to Hamas. Egypt is talking to Hamas—mandated by the Arab League to speak on its behalf. Turkey, Syria and Qatar are speaking to Hamas, and Norway has made it clear that it speaks to Hamas as well. So there is no shortage of people speaking to Hamas. In respect of the ceasefire, it is vital that they do speak to Hamas. In respect of any negotiation on a Palestinian state, it is important to take our lead from the elected leader of the Palestinian people, President Abbas, who is seeking unification of the Palestinians under legitimate leadership that is committed to peaceful ends and, in negotiations on a two-state solution, to recognising the state of Israel, which seems to me to be a precondition for effective negotiations.

Mr. Edward Davey (Kingston and Surbiton) (LD): I thank the Foreign Secretary for his statement and welcome the fact that the UK Government have shown some leadership on this issue by drafting Security Council resolution 1860, calling for a ceasefire and the withdrawal of Israeli troops from Gaza. I welcome his criticism of the Bush Administration for their abstention. In our view, that was a diplomatic disaster.

The Foreign Secretary must be aware that many in this House and across Britain believe that the UK and the international community have failed the people of Gaza over the past two weeks. In trying to be balanced and rightly condemning Hamas for the rocket attacks, the Prime Minister and the Foreign Secretary have at times seemed unbalanced in the face of a truly unacceptable level of Israeli military might. Indeed, in trying to be balanced the British Government have at times fallen off the tightrope of truth—when the Foreign Secretary initially refused, unlike the French President, to call this Israeli action disproportionate.

I welcome the Foreign Secretary's statement that serious allegations about the conduct of both sides should be investigated. Will he press at the UN Security Council for an independent fact-finding mission to lead that investigation into all allegations of breaches of international law by all sides? He is aware of the danger of the Gazan conflict's creating tensions between communities here in the UK. Surely a call for such an investigation would help to calm that situation.

As for actions to persuade the Israelis and Hamas to desist the fighting and rocket attacks, why have neither the UK nor the EU implemented an arms embargo against Israel, just as the Conservative Government did in 1982 in response to Lebanon? No one in 1982 expected an arms embargo to stop the Israeli tanks in their tracks, but it was a powerful international symbol and we need that now. The Foreign Secretary's predecessor, the right hon. Member for Derby, South (Margaret Beckett), assured this House that the Government would keep a close eye on the use of British arms by Israel. Government policy is that

> "no weapons, equipment or components which could be deployed aggressively in the Occupied Territories would be licensed"

for export. Can he assure the House that none of the weapons or weapons components used by the Israel defence forces in Gaza came from Britain, and if he cannot, have the Government changed their policy on arms to Israel?

As for Hamas, has the Foreign Secretary used his newly improved relations with Damascus to get Syria to urge Hamas to end their rocket attacks? What help has been offered to the Egyptians to stop the smuggling of weapons into Gaza?

One of the many tragedies is that the Israeli attack was never and is never going to bring the peace and security that Israel rightly should have. The truth is that this Israeli action may hurt Hamas militarily, but it will strengthen them politically. I fear that Israel is driving moderate Palestinians into the arms of the extremists, and that will be a disastrous strategic defeat for Israel, whatever the ceasefire terms eventually agreed.

David Miliband: I am sorry about some of the things that the hon. Gentleman said, given that we actually agree that the only way for Israel to guarantee its security and to provide justice for its own people—never mind for the Palestinians to provide security and justice for themselves—is to negotiate a political solution and to empower precisely the moderate forces in Palestine that are so important. I am sorry, for example, that he insists on saying that we did not support the European Union statement that the Israeli action was disproportionate. We did, when it was proposed, and out it has come and I have repeated that today. *[Interruption.]* I am sorry; the hon. Gentleman says "not initially", and that is not true. If we had not supported it, it would not have gone out, because it requires the support of all sides.

The hon. Gentleman raised an important question in respect of the arms embargo, and I want to confirm that our position remains exactly as described. No arms exports are granted where there is a clear risk that those arms could be used for internal repression or external aggression, and that is surveyed very closely. Also, we have no evidence of any of the exports that he has pointed to being used in this operation. As for some of the allegations that are around—for example, in *The Guardian* on Friday, which the hon. Gentleman did not repeat, but it might help the House if I make this point clear—there is no truth in the suggestion that those exports are used by the IDF or are being used by the IDF in this operation. I assure him that the criteria that we use remain very strict, and they were recently examined in judicial review to confirm the way that they operate.

On Syria, I have indeed twice spoken to the Syrian Foreign Minister Muallem to urge on him that if he does want to advance the Palestinian cause, he needs to argue for the ceasefire that is so desperately needed.

Mr. Peter Kilfoyle (Liverpool, Walton) (Lab): I note the rather cosy consensus between the Foreign Secretary and the right hon. Member for Richmond, Yorks (Mr. Hague), but I can assure the Foreign Secretary that it is not shared by all of us. On armaments for Israel, he said just a moment ago that he would very much like to see the prevention of arms going to terrorist organisations. That is the case for everybody in this House, and on the basis of what we have just heard and what he himself just said, will he undertake to ensure that no arms at all go to Israel at the moment, given that it is guilty in many people's eyes of state-sponsored terrorism with its activities in the Gaza strip?

David Miliband: As I said in my statement, I do not think that it is right or appropriate to compare a democratic state with a terrorist organisation or an organisation that uses terrorist means, and I hope that, on reflection, my hon. Friend will agree with that. On arms sales to Israel, I wish to emphasise that if there is a clear risk that armaments would be used for internal repression or external aggression, those exports do not take place, and those rules are, in my view, right.

Mr. Michael Howard (Folkestone and Hythe) (Con): Even at this dark hour, when the situation is clearly desperate, is there not the faint sign of a glimmer of hope on the horizon? Is it not the case that only the President of the United States has the means to secure the concessions from both sides that are necessary to achieve a viable Palestinian state and a lasting settlement? Is it not therefore welcome that President-elect Obama has said that despite all the many other challenges he faces, he will make this region an immediate issue of priority for him, in sharp contrast to the neglect of the current American Administration?

David Miliband: I am worried about any suggestion that there would be a cosy consensus, but it might be more welcome to have a consensus on the point that the right hon. and learned Gentleman has made. He is, of course, right to say that the current crisis in Gaza is, in part, an indictment of a delay in engagement by the international community, including the United States, in resolving this issue. He is also right to say that the issue cannot be resolved without the United States. My own sense is that, in many ways, this crisis, this war, this conflict makes the job of the Obama Administration more difficult, but it makes their early engagement more necessary. I believe that there are people at the top of the Obama Administration, led by the President-elect himself, who recognise that this is not just a regional issue, but a global one. It concerns us all and I very much look forward to the engagement from day one, which the right hon. and learned Gentleman and I agree is necessary, of the new Administration on the issue.

Mrs. Louise Ellman (Liverpool, Riverside) (Lab/Co-op): I support all efforts to bring about a speedy and peaceful solution to this dreadful conflict. Does the Foreign Secretary agree that to do that, he must address the responsibility of Hamas for this dreadful situation? That includes the statements in Hamas's charter that propose to make Israel the subject of an Islamic Waqf for ever, that promote jihad and the cult of death and extol martyrdom, as well as Hamas's practice of callously booby-trapping civilian areas and deliberately encouraging the deaths of civilians in Gaza today.

David Miliband: Certainly many statements by Hamas are grotesque and chilling, and it is essential that Hamas plays its part in achieving, at least in the short term, the ceasefire that is necessary and, in the longer term, the Palestinian reconciliation that will be essential to provide some leadership for the Palestinian people which can negotiate with Israel. The centrality of the conflict goes to the heart of the fact that for a Palestinian state to be viable it must include Gaza and the west bank—there are 1.5 million Palestinians in Gaza. At stake in this conflict is the viability of that future Palestinian state, which is essential for Israel's security as well as for justice for the Palestinians. That is why the stakes are so high and why all must play their part. It was precisely that point that I made late at night in New York when the resolution was adopted; I talked about the responsibilities that there are on all sides—not just on Israel, Hamas and the regional players, but on the wider international community—if this running sore is to be addressed.

Sir Patrick Cormack (South Staffordshire) (Con): In agreeing particularly with what the right hon. Gentleman has just said, may I ask that after he leaves the House and goes back to the Foreign Office he will summon the Israeli ambassador and say to him calmly but clearly that many of us who have been in this House for a very long time and who have been proud to call ourselves friends of Israel now feel ashamed because Israel is not behaving as a civilised state should behave?

David Miliband: I am sure that even if the Government of Israel and their ambassador are not watching this statement and discussion, they will be following its contents later in the day. We are in close touch not only with the ambassador of Israel but, directly, with the Prime Minister, Foreign Minister and Defence Minister of Israel. It is very important that this does not become an argument about whether or not one is pro or anti-Israel or pro or anti-Palestinian; the peace about which all hon. Members have spoken needs to be peace both for Israelis and Palestinians—that is at the heart of this issue.

Richard Burden (Birmingham, Northfield) (Lab): In welcoming the genuine efforts that my right hon. Friend has made to bring about a ceasefire and the emphasis that he has put on the need for rocket attacks on southern Israel to cease, will he agree that at a time when the UN has estimated that the death toll stands at 884 people dead in Gaza, 275 of them children, we should now say to Israel that abiding by international law is not an optional extra to be implemented at a time that it finds convenient, but a requirement on it? Will my right hon. Friend confirm that, as a high contracting party to the fourth Geneva convention, Britain has a responsibility to ensure the protection of civilians in time of war? Finally, when there are rumours of an international force being deployed in Gaza or on its borders, can he assure me that such a force, if deployed, will have a remit that includes the protection of Palestinian civilians just as much as of Israeli civilians, and the ensuring of access into Gaza just as much as preventing the smuggling of arms into Gaza?

David Miliband: It is important to condemn all loss of innocent life, whether Israeli or Palestinian. It is also important, to reiterate what I said in my statement, that member states of the UN and democratic states are deliberately held to higher standards. They should certainly adhere to the various conventions to which they have appended their signatures. That is why I referred in my statement to the importance of international humanitarian law.

In respect of a force in Gaza, it would be premature to pre-empt some of the discussions that are going on, and some of the very difficult issues that are associated with them, but certainly any observer or other force would need to ensure that it defended civilians without fear or favour. It is premature to talk about that at this stage, given the emphasis on opening the crossings and the smuggling issue. However, I hear what my hon. Friend says.

Sir Menzies Campbell (North-East Fife) (LD): But is not the blunt truth that while we discuss this the Israeli Government persist in disproportionate military action, using F-15s, F-16s, Apache helicopters and tanks at a terrible cost to human life? If any other democratic state were behaving in that way, would we not by now be considering what other economic and diplomatic steps were available to us? Are the Government considering any such steps?

David Miliband: We do not believe that economic sanctions on Israel are the way to engage or to influence Israel—[Hon. Members: "Why not?"] We do not believe that the isolation of Israel is the way to achieve influence with it. We should give the same clear message in public and in private, as the Prime Minister and I—and every other representative of the Government—have done over the past three weeks. Of course, the right hon. and learned Gentleman is right that the scale of the killing has put this issue on the global agenda in a way that is, even in the middle east, unprecedented in the nature of its coverage. That is why everything must be done to deliver the ceasefire that we all agree needs to happen immediately.

Ann Clwyd (Cynon Valley) (Lab): I was present some years ago in Jenin, during the siege of Jenin. I saw then the refusal of the Israelis to allow humanitarian aid to be provided to those who were injured and sick. Now we see that yet again. It is an absolute disgrace that any country that calls itself a democracy refuses to allow the humanitarian agencies to deliver aid to those who are desperately in need.

I also think that the exclusion of journalists from the area is totally unacceptable. Were it not for al-Jazeera, we would see no pictures on television of the suffering and destruction taking place in Gaza at present. Will my right hon. Friend make the point that it is essential to allow journalists access?

David Miliband: I agree on both points with my right hon. Friend—the entry of journalists, to which I referred in my statement, and the essential nature of the humanitarian obligations that Israel needs to follow. The points that the humanitarian NGOs made today—not only about the medical situation, but about food and fuel—deserve not just to be heard, but to be acted on.

Mr. John Maples (Stratford-on-Avon) (Con): Would the Foreign Secretary not agree that those who so vigorously criticise Israel would carry greater credibility if they had made similar criticisms over the years of the suicide bombings and rocket attacks deliberately aimed at civilians in Israel? I completely agree with him that we need to see a two-state solution, but may I urge him to recognise that if we are to achieve such a solution it will be achieved largely with the leverage of the United States not through the United Nations, the Quartet or the European Union? With a new United States Administration there is really a chance, and I urge the Foreign Secretary to use whatever influence he has with them to get their full commitment. We very nearly got there in 2001 at the end of the Clinton Administration at Camp David and then at Taba. Those positions could now be built on because they are endorsed by most of the Arab countries in the Arab peace initiative. There truly is an opportunity for Mr. Obama.

David Miliband: The whole House can be in no doubt that that will be at the top of our agenda when I meet and talk to Mrs. Clinton straight after 20 January.

Sir Gerald Kaufman (Manchester, Gorton) (Lab): In congratulating my right hon. Friend on steering resolution 1860 through the United Nations Security Council, may I ask him what the international reaction would be if Hamas had slaughtered nearly 900 Israelis and subjected nearly 1.5 million Israelis to degradation and deprivation? Is it not an incontrovertible fact that Olmert, Livni and Barak are mass-murderers and war criminals—*[Interruption.]* Yes. And they bring shame on the Jewish people whose star of David they use as a flag in Gaza, but whose ethos and morals go completely against what this Israeli Government are doing.

David Miliband: I think that the history and origins of the state of Israel make this conflict especially acute, especially distressing and especially painful. However, Israel should be held to the same standards as other nation states. The Jewish people have suffered enough for their history and deserve to be held to the same standards as every other nation state. I believe that the obligations that they have need to be fully implemented without fear. They need to be addressed as a matter of urgency. The democracy that Israel rightly treasures, which is rightly seen as a beacon throughout the world, needs to ensure that the actions of its Government fully adhere to the country's obligations.

Mr. Nicholas Soames (Mid-Sussex) (Con): Has the Foreign Secretary warned the Government of Israel that despite the very grave provocation they have suffered, they are acting contrary to the laws of war?

David Miliband: I have not given Israel any legal position of that kind, but at all stages I have stressed the importance of the commitments that all member states of the United Nations have, both in advance of the conflict and during it. It is right, therefore, that we say that any abuse should be properly investigated promptly and expeditiously.

Mr. Andrew Dismore (Hendon) (Lab): Would my right hon. Friend agree that any ceasefire must involve both sides and, in particular, an end to rocketing by Hamas and the smuggling of arms? Would he also confirm that the Foreign Ministry of Egypt, which also has a closed border with Gaza, warned Hamas immediately before the Israeli action that it should cease the rocketing when it fired 60 rockets at Israel immediately before the visit of the Foreign Minister of Israel to Egypt to try to broker peace?

David Miliband: My hon. Friend is right that leaders across the Arab world had been warning Hamas for some time not to provoke Israel. Equally, they had been warning Israel not to respond to the provocation.

Sir Malcolm Rifkind (Kensington and Chelsea) (Con): Will the Foreign Secretary agree that Hamas appears to love Palestine more than it loves the Palestinians, given its willingness, as far as we can understand, to put rocket launchers and other military assets in the vicinity of mosques, schools and other civilian institutions? Will the Foreign Secretary indicate whether the information available to him confirms that that has been part of Hamas's tactics in the recent past?

David Miliband: I would put nothing past Hamas. It is important to remember that there is not only a Hamas leadership in Gaza but a Hamas leadership in Damascus, which is rather a long way removed from the conflict and is participating in all the talks while perhaps suffering less of the immediate pressure that the Hamas leadership in Gaza is under. Gaza, as everyone has read in their newspapers over the past few weeks is, quote, unquote, the most densely populated place in the world. I have no direct evidence of the sort that the right hon. and learned Gentleman provides but it is obvious to anyone who wants to look that Hamas makes at a minimum no effort to shield its civilians. There is a pretty good suggestion that it is quite happy to see the distinction between the interests of Palestinians and the notion of Palestine for which it claims to speak to which the right hon. and learned Gentleman referred.

Mr. Marsha Singh (Bradford, West) (Lab): Will my right hon. Friend accept that condemnation has brought no relief to the people of Gaza? The killing goes on. Is it not time for stronger action? Is it not time that we expelled the ambassador of Israel and brought our ambassador back from Israel? Is it not time that we called for international sanctions against Israel?

David Miliband: My hon. Friend is right to say that there has been a collective failure, because the internationally expressed will of the community of nations has not been followed either by Hamas or by Israel. However, I do not agree that a policy of isolation would help either Britain's influence or the prospects of peace in the middle east. It is very important that we continue to speak without fear or favour on these issues—that we speak publicly, using occasions such as this, but that we use the opportunity to speak privately as well.

Sarah Teather (Brent, East) (LD): If and when the terrible bombing of Gaza ever finishes, what hope does the Foreign Secretary have for the reconstruction of Gaza? It is all very well international Governments pledging aid to the Palestinian people, but if there is still an embargo on concrete and construction materials crossing from Israel to Gaza, we shall not be able to do the rebuilding that those people desperately need.

David Miliband: That is precisely why the opening of the crossings on the 2005 basis is so important. However, it would be the height of complacency to stand here watching the conflict and talk about hopes for peaceful post-conflict reconstruction. The truth is that none of us yet knows the full scale of the devastation that has taken place or the extent to which the infrastructure has been destroyed, but I can tell the hon. Lady that aid agencies as well as Governments are thinking about both the immediate and the medium term, which we desperately need to do. However, political infrastructure as well as concrete infrastructure will be important if the people of Gaza are ever to be relieved from their current suffering.

Mr. Peter Hain (Neath) (Lab): Would the Foreign Secretary agree that the terrible horror unleashed in and around Gaza represents an epic failure of foreign policy on all sides and that we need a new approach? The messages coming from President-elect Obama's team, reported at the end of last week—making direct contact with opponents, including Hamas and seeking to negotiate an end to the conflict—stand a much better prospect of succeeding, because in the end we do not solve conflicts such as this by military means, as we learned in Northern Ireland. We solve them politically.

David Miliband: We do indeed solve them politically and I believe a new approach is on the table. It is a comprehensive approach to the problems of the middle east, recognising that while the Israel-Palestine conflict is the core of the middle east problems, issues in respect of Syria and of Lebanon and the Golan heights and the Shebbaa farms are also part of the picture, as is the fundamental fact that in the end security for Israel does not come from the Palestinian state alone—it comes from the normalisation of relations with the whole of the Arab world. That is why before the Christmas break we were talking in the House about the importance not just of a two-state solution but of a 23-state solution. I believe that new approach will be essential, more akin to the approach of the Madrid negotiations than the Annapolis negotiations.

Mr. George Galloway (Bethnal Green and Bow) (Respect): The Foreign Secretary is not in favour of the isolation of Israel but he was in favour of the isolation

[Mr. George Galloway]

of the Government elected in Palestine, in the only free parliamentary election ever held in any Arab country, because the people voted the wrong way. He joined the siege of the Hamas Government and helped create the desperation that led to the barrage of rockets—largely ineffectual, as he has conceded. Action speaks louder than words. The resolution he boasts of drafting is an ineffectual section 6—

Mr. Speaker: Order. I must stop the hon. Gentleman. He must ask a question. He is up there making a speech but he has not asked a question. He knows the rules of the House well enough. Ask a question.

Mr. Galloway: I will, Mr. Speaker. Why will the Government not recall our ambassador from Tel Aviv, ask the Israeli ambassador to leave, and, above all, stop selling British weapons to the mass-murderers who are taking so many lives and limbs in Palestine today?

David Miliband: The hon. Gentleman has no evidence at all of British arms being used to take lives and limbs in Gaza. Withdrawing our ambassador from Israel, or kicking the Israeli ambassador out of London, may be the sort of gesture politics that the hon. Gentleman thinks is effective, but I do not think that it would achieve anything when it comes to making the sort of progress that all of us in this House want to see in the middle east.

Ms Karen Buck (Regent's Park and Kensington, North) (Lab): That there are two sides to the escalation of the conflict is beyond doubt, but the appalling disproportion in the civilian casualties demonstrates that there is collective punishment of the civilian population of Gaza; that is what is shocking people around the world. My right hon. Friend rightly stressed the importance of a unified voice for the Palestinian people, but does he agree—and can he convey the fact—that that has been fatally undermined by the failure to ensure that the Palestinian people are incentivised and rewarded for pragmatic negotiation? In particular, illegal settlement building has been a major contributory factor. Can he convey that message to the Israeli Government?

David Miliband: Well, yes. I not only can convey it, but think that the Prime Minister and I have been conveying it. It is precisely that point that the Prime Minister addressed in his speech to the Knesset. Settlement building is not just an encroachment on the future Palestinian state; it is also illegal and a massive block on the work of, and the appeal made by, the peaceful, committed, moderate leadership of the Palestinian people, so there is a double or triple tragedy at the heart of the settlement process. My hon. Friend is absolutely right to highlight the fact that the issue of the settlements, and what they do to the prospect of a Palestinian state based on 1967 lines, must be at the heart of any discussion that goes beyond the immediate crisis. I spent a lot of last year saying that the window of opportunity for a two-state solution is closing. That is in part because the longer settlement building goes on, the harder it will be to draw up, conceive and then deliver the Palestinian state that will be essential for any sort of stability in the middle east.

Mr. Michael Ancram (Devizes) (Con): Following on from the question of the right hon. Member for Neath (Mr. Hain), does the Foreign Secretary agree that achieving a lasting, as opposed to short-term, ceasefire will in the end require dialogue between Israel and Hamas, either direct or indirect, however difficult that may be, in order to agree the terms of any such ceasefire? What role does he think that he or the British Government can play in bringing about that dialogue?

David Miliband: Obviously, the answer is yes; indirect talks are happening now, precisely on the subject of the ceasefire—long-term, not just short-term—that the right hon. and learned Gentleman talks about. It is important to go back to the point that the Arab League has mandated Egypt to engage with Hamas, on its behalf and on behalf of the international community, on the issue of Palestinian reconciliation and the ceasefire, and I think that that is the right approach. The truth is that the door is open to Hamas, if it is willing to recognise the fact that an Israeli state has to be part of the solution. That is what is set out in resolution 1850, passed three or four weeks ago, in its references to the Quartet principles and the Arab peace initiative. However, Hamas needs to recognise its negotiating partner. I know that the right hon. and learned Gentleman feels strongly about the subject, but it is important to point out that people talk about Hamas being the representatives of Palestinians, without recognising that there is an elected leader of all the Palestinians—a President of the Palestinian Authority, elected in 2004 by all Palestinians to represent them. A further President will be elected this year or next year. That is a vital part of the issue, and we should not fall into the trap of allowing Hamas's leadership in Gaza to claim that it represents all the Palestinians.

Mr. David Winnick (Walsall, North) (Lab): Would my right hon. Friend accept that the reason why there is such strong emotion in the House of Commons today is that, in the past week, the Israelis have shown total indifference to the suffering and lives of Palestinian civilians, and that some of the Israelis' actions amount to war crimes against humanity? In those circumstances, is it not clear that a stronger approach is required by Britain, and that it should tell the Israelis that what they are doing is totally unacceptable and an affront to humanity?

David Miliband: My hon. Friend's diagnosis is right: that is why there is such passion in the House, allied to the fact that the repercussions of conflict in the middle east echo around the world. The truth is that the easiest recruiting sergeant for extremism anywhere in the world is the absence of a Palestinian state, so for those two reasons the issue reverberates around the world. If words brought peace, they would have done so a long time ago, not just in this conflict but in the wider middle east, but I can assure my hon. Friend that we will continue to speak loud and clear, publicly and privately.

Richard Younger-Ross (Teignbridge) (LD): In the early hours of the morning of 30 December, the Gibraltar cargo ship, the Dignity, was rammed by an Israeli gunboat. It was carrying aid and three doctors to Gaza, one of whom was my constituent, David Halpin, who has a proud record of trying to take aid to those beleaguered people. In response to that attack, a Foreign Office spokesman said that

> "we told the Israeli Government that we take the safety of our nationals seriously".

Can the Secretary of State say what that means, and what action he will take to ensure that a ship sailing under British protection is protected? Will he make sure that that crime on the high seas is brought firmly to the attention of the Israeli ambassador?

David Miliband: The first action I will take is find the details of the case and write to the hon. Gentleman as a matter of urgency. I will make sure that I place a copy of that letter in the Library of the House.

Mr. Chris Mullin (Sunderland, South) (Lab): Has not the time come to recognise that neither the British Government nor other EU Governments have any serious influence at all over the Israelis? We should recognise, as other Members have suggested, that these are war crimes that we are witnessing in Gaza, and start talking with our EU allies about organising sanctions and, at the very least, stop selling weapons to the Israelis, and perhaps talk about the withdrawal of our ambassador, because those are the only things that will make any impression on the people currently running Israel.

David Miliband: We have covered some of those issues in the course of our discussions, and I take seriously my hon. Friend's views, although he will know from my earlier answers that I do not agree with him on all those points. However, in respect of allegations of war crimes, any such allegation or any breach of international humanitarian law must, of course, be investigated.

Mr. Winnick: These are war crimes.

David Miliband: Well, in that case, they must be investigated. The right thing to do with any allegations of such seriousness is to investigate them, find out if they are true and, if they are, take appropriate action. That is what should happen.

Mr. Anthony Steen (Totnes) (Con): In view of the fact that the Foreign Secretary is in touch with the Israeli Government and the Prime Minister—I have just returned from Israel and saw for myself what has been talked about in the House—is he aware that, as far as I was told, the Israeli Government would stop their attack on Gaza, the shelling and all the devastation if the rockets stopped coming from Gaza tonight? Is that correct?

David Miliband: I am certainly aware of all the statements that have been made, on both the Israeli and the Hamas sides. There must be simultaneous cessations—that is the only way in which this will be finished, and that is what we are working for.

Mr. Michael Meacher (Oldham, West and Royton) (Lab): As this brutal and utterly disproportionate blood letting continues, will my right hon. Friend use all his influence in the EU as part of the Quartet to try to ensure that, whatever ceasefire agreement is finally reached, it is firmly linked to a further, wider process of negotiation aimed at securing a comprehensive peace treaty between the Arab states and Israel, as the Saudis themselves proposed in 2002; the withdrawal of all Israeli forces to pre-1967 borders; and the creation of a viable Palestinian state, without which there will be no end to this century-long conflict between the Arab states and Israel? What contact has my right hon. Friend had with President-elect Obama or his team to secure those ends?

David Miliband: I obviously agree that any ceasefire must be swiftly followed by precisely the sort of development of the vision of a lasting, comprehensive peace that my right hon. Friend described. He talked about linking the ceasefire to such a programme. The ceasefire will be hard enough to get in and of itself, but I certainly agree that it must be swiftly followed. In respect of President-elect Obama, it is important to say that it is not just a public line that the Americans are saying that there is one President at a time and one Secretary of State at a time; that is the reality. However, I can assure my right hon. Friend of my confidence that the issue will be high on the agenda of the Administration come five minutes past 12 on 20 January.

Mr. James Arbuthnot (North-East Hampshire) (Con): Does the Foreign Secretary accept that while most of life is a matter of varying shades of grey, it is a black and white matter that Hamas is a terrorist organisation which sets out to kill civilians? My right hon. and learned Friend the Member for Folkestone and Hythe (Mr. Howard) talked about "a glimmer of hope". Is there any glimmer of hope that Hamas could be persuaded to stop its rockets for good, in which case Israel would be able to do what it dearly would like to do—namely, leave Gaza for good?

David Miliband: The right hon. Gentleman is right that Hamas uses terrorism to further its ends and some of its commitments in its charter that were referred to by my hon. Friend the Member for Liverpool, Riverside (Mrs. Ellman) are utterly grotesque. It would be wrong to start saying that there are glimmers of hope here or there. What I can say, and what I believe, is that there are some people in Hamas who recognise that there needs to be a politically negotiated solution to the conflict. That is an important part of the equation. However, the truth is that they are not the majority in Hamas, and that is the tragedy at present.

Several hon. Members *rose*—

Mr. Speaker: Order. We now come to the main business.

Point of Order

4.31 pm

Jeremy Corbyn (Islington, North) (Lab): On a point of order, Mr. Speaker. You will have seen the large number of Members wanting to take part in the discussion about Gaza. Have you had any representations from the Government to allow a debate in Government time immediately or as urgently as possible on the situation facing the people of Gaza and the Palestinian people as a whole?

Mr. Speaker: I have not had any communication from the Government, but I will let the hon. Gentleman know if I do.

Business Rate Supplements Bill

[Relevant Documents: The Seventh Report from the Communities and Local Government Committee, Session 2006-07, Local Government Finance: Supplementary Business Rate, HC 719; and the Third Report from the Committee, Session 2007-08, Local Government Finance–Supplementary Business Rate: the Government's response, HC 210, and the Government's response, HC 1200, Session 2007-08.]

Second Reading

Mr. Speaker: I have to inform the House that I have selected the amendment in the name of the Leader of the Opposition.

4.32 pm

The Minister for Local Government (John Healey): I beg to move, That the Bill be now read a Second time.

We are living through a time of great economic upheaval and uncertainty, global in its origins but local in its impact on businesses and communities right across Britain. We in Government are committed to doing what we can to help people through these tough times and to prepare for the upturn that will follow. Actions such as recapitalising the banks, targeted tax cuts, loan guarantees, programmes of public spending and support for jobs are necessary measures for the present. But even as we take action to cushion the blows of recession, we are also looking to the future. We do not want to make the mistakes of previous recessions by not continuing investment in major projects, in skills and in business support and by not putting in place policies that may help local areas to recover more rapidly and take more advantage of the upturn when it comes.

The Bill is part of the policy framework needed to prepare for the other side of the downturn. Let me be clear with the House from the outset. We are not imposing a new business tax, but introducing a new power to allow local authorities—with strong safeguards for business—to raise some of the money needed to boost local business and the local economy in the longer term.

Bob Spink (Castle Point) (Ind): The Minister is aware that there are many very good councils, but there are some councils that do not listen and do not consult properly even their residents, let alone businesses, which do not have a vote. Can he give an undertaking that businesses will have a vote on all levies, at whatever level they are proposed by the councils?

John Healey: I will not give that undertaking, but I will give a fuller outline and an explanation a little later, and they will set out the circumstances and the principal case in which businesses would and should get a vote. The hon. Gentleman may wish to consult the leader of his local county council for his view on the issue; he is an innovative council leader interested in the fact that this power could allow Essex to raise more than £12 million each year with the 2p business rate supplement. That money could be used in his county for all sorts of economic development projects.

Mr. John Redwood (Wokingham) (Con): Will the Minister tell the House how much he thinks this measure might raise in the full year once it is up and running? It is, in practice, a tax on business.

John Healey: As I have just explained, we are not imposing a tax on business but putting in place a power through which local authorities can, with safeguards for local business, decide to introduce such a levy. We reckon that a supplementary business rate in London, which is likely to be where this is first put to the test, would raise perhaps £170 million a year. The right hon. Gentleman will know that that is an essential element of the funding package to support Crossrail. It will allow the Tory Mayor and the London assembly to discharge their commitments and responsibilities to contribute to that funding package precisely because it is a major economic project that could bring great benefit to businesses across London. Therein lies the principal case for such a power and for that power being available in other parts of the country.

Richard Ottaway (Croydon, South) (Con): The Minister said that Crossrail will bring benefits to businesses across London. My constituency is the southernmost in London, and I assure the Minister that a small business in Coulsdon will derive no benefit whatever from Crossrail. Where on earth is the equity? Where is the fairness in having the Greater London authority impose a business rate for Crossrail which hits businesses that derive no benefit from it whatever?

John Healey: If the hon. Gentleman reads the Bill, he will see that we are proposing the power for all the upper-tier, top-level authorities. He knows as well as anyone that in London the democratic and electoral arrangements are different from those in the rest of the country: the upper-tier, elected authority is the Greater London authority. If there is a problem with businesses in Coulsdon, or if businesses tell him that the power will not bring benefits to them, I suggest he take the issue up with the Mayor. I will come on to explain the significant safeguards in the Bill which will in all likelihood mean that as many as nine in 10 businesses would not be liable to pay a business rate supplement if it were introduced in their area.

Mr. Andrew Pelling (Croydon, Central) (Ind) *rose—*

Mr. Mark Field (Cities of London and Westminster) (Con) *rose—*

John Healey: I shall first give way to the hon. Member for Croydon, Central (Mr. Pelling), a compatriot of the hon. Member for Croydon, South (Richard Ottaway); then I will give way to the hon. Member for Cities of London and Westminster (Mr. Field).

Mr. Pelling: I want to support the hon. Member for Croydon, South (Richard Ottaway). Does the Minister not accept that it is a facet of London politics that a London authority inevitably means a transfer of resources away from rather poor suburbs such as Croydon to projects in the centre or east of London? Would the Minister be willing to follow the Select Committee's recommendation that boroughs should have some kind of veto so that they can address the issue of the continued transfer of money away from south London to other parts of London, which further taxation through the GLA will inevitably involve?

John Healey: The hon. Gentleman will find that the limitations to liability set out in the Bill will help to safeguard areas that are relatively poor in terms of high rateable value businesses.

Mr. Field *rose—*

John Healey: I now give way to the hon. Gentleman's former hon. Friend, who represents areas in which a more significant number of businesses will be above the threshold than in Croydon.

Mr. Field: I will not be speaking on behalf of Croydon, which is well looked after—at least on this side of the House. The hon. Member for Croydon, Central (Mr. Pelling) may have had in mind my constituency as a part of the central London area that is to benefit.

I wanted to ask about the Minister's earlier statement about the top tier. Does he not recognise that we have an entirely different system in London compared with other parts of the country, where that top tier would be a county council? The GLA's role is purely advisory and scrutinising in respect of the Mayor. It is therefore wrong for this power to be geared towards the GLA rather than the constituent 33 boroughs of London.

John Healey: I think the hon. Gentleman and I will have to disagree. Where we have local government that is not unitary, as in London and in some county areas, it is right that this applies to the upper-level authority, not least because it is much more likely to be leading the long-term strategic planning that will be part of preparing some of the big investment and infrastructure projects that are likely to underpin the performance of the local economy and the prosperity of local businesses for the future. Therein lies the argument for saying that the upper-level authority should have this power, although some have argued that we should allow districts in two-tier areas to have the same. In our view, however, there should be one business rate supplement for businesses in an area, without the risk that a county and a district might separately choose to take this power, which therefore will not be available to those lower-level authorities under the Bill.

Mr. Nick Raynsford (Greenwich and Woolwich) (Lab): May I urge my right hon. Friend to take a robust view on this issue? The Conservatives appear to be advocating an approach that would make it impossible for Crossrail to be funded. If individual London boroughs opted out and power was taken away from the Mayor of London—who is a Conservative but is wholly supportive of the supplementary business rate in order to support Crossrail funding—that would be the death knell for Crossrail, which is crucial to the economic success of our city. I sincerely hope that the Government will remain robust on this.

John Healey: I welcome the support of my right hon. Friend, as a ministerial predecessor and as a London MP, because he understands the challenges of trying to put in place such a power and the challenges that then face local authorities, in consultation with local businesses, in deciding whether it may be appropriate for their area.

As I have tried to explain, London is the leading example of this principle in the Bill and the leading example of the new power in the Bill. The new power will allow the Mayor of London to make good his commitment to funding a key part of the Crossrail

[John Healey]

package and to supporting economic recovery and the long-term growth of London. That is why he said last month:

> "Crossrail is vital to London and the UK, providing an enormous boost to the economy and, in the tough economic times ahead, creating thousands of jobs linked to its construction."

That is why the GLA briefing for this debate declares that the business rate supplement

> "is a key part of the funding package for Crossrail... the successful passage of the BRS Bill is therefore crucial to the construction of Crossrail."

Some argue that such investment opportunities should only be allowed to London; indeed, that is suggested in the Opposition's reasoned amendment. I have to say to their Front Benchers that I see that as the traditional and typical Tory view that nothing matters beyond the country's capital. They would deny other cities, significant county councils and other local authorities the power to develop with their local businesses new plans to support economies outside London. It is therefore right that we do not place a limit on the Bill so that only London may benefit from its provisions. Instead, we ensure in the Bill that all areas of England and Wales have the chance to use this power if and when it is right for them to do so. This legislation for long-term investment and the upturn should not be stalled by short-term concerns; nor should the interests of London be placed ahead of those of other parts of England and Wales.

Some fear that businesses may be seen as a passive cash cow; that is also suggested in the Opposition's amendment. However, the Bill requires, on the contrary, that companies be active participants in debates and decisions on a business rate supplement and on the role that it may have in contributing to the future prosperity of their areas. Again, London is the leading example of that principle, and the GLA and the Mayor have consulted widely with business on Crossrail and its funding. That is why Sir Michael Snyder of the City of London Corporation said last month:

> "Crossrail is critical to the future of London's economy and it is essential that we continue to make major improvements to our transport infrastructure during these challenging times. Crossrail is absolutely crucial in keeping London and the UK globally competitive and for this reason we are delighted to support the funding of this vitally important new railway."

Crossrail is supported by the wider business community in London, which, by doing so, accepts the funding package of which the business rate supplement is an essential element—an explicit part of the Crossrail deal.

Mr. Brian Binley (Northampton, South) (Con): It was noticeable that the Minister claimed support from business, particularly in London, but pretty much all the bodies representing business have said that the rate is an extra tax, and another cash cow for local government. They are totally opposed to it. How does he equate that with the statement that he just made?

John Healey: In two ways. First, the picture that the hon. Gentleman paints does not represent the view of the many business organisations in London that accept the case for Crossrail, and which accept that a funding package needs to be put in place if we are credibly to pursue the ambition to build it. They accept the business rate supplement, which the GLA and the Mayor back, as part of that package. The hon. Gentleman talked about other business organisations, but the CBI is not opposed in principle to a business rate supplement, although it wants much stronger safeguards for business than we have in the Bill.

The question is twofold: is there a case, in any given area, for the sort of economic development and investment that would not otherwise happen? If so, do the benefits to business, jobs and prosperity in the long term support the case for introducing a business rate supplement? That is essentially the framework of policy and powers that the Bill sets out.

Mr. Mark Prisk (Hertford and Stortford) (Con): The Minister cites the CBI. Will he give it what it asked for in its briefing to all Members: a ballot on every proposal?

John Healey: No, and I will explain why later. I note that that is an element of the Opposition's reasoned amendment.

Mr. Geoffrey Clifton-Brown (Cotswold) (Con): At a time when businesses are suffering the most for decades and bankruptcies are increasing, the Minister has said that he will not give businesses a vote in every case. Will he include a clause in the Bill saying that before any such scheme is considered, the economic conditions of businesses affected have to be taken into account? We are beginning to see empty sites up and down the high streets of this country, in prosperous places such as Putney. If such a scheme were proposed in Putney at this moment, a fragile trading condition could be made even more fragile.

John Healey: Whether or not there will be a vote on a business rate supplement, depending on the contribution required for any proposed project, there will be compulsory consultation, which will need to take into account the sort of things suggested by the hon. Gentleman.

Dr. Alan Whitehead (Southampton, Test) (Lab): Has my right hon. Friend reflected, during his consideration leading to the introduction of the Bill, on the fact that the contribution to local government finance from the business rate has systematically declined as a proportion of the total amount of revenue coming in because of clauses in the original council tax legislation? Rises in the business rate are restricted to the rate of RPI inflation, so the contribution as a percentage of total income has declined over the years. Has he calculated what that effect has been, and what effect the business rate proposals may have on the total contribution by businesses to council tax revenue?

John Healey: I can give my hon. Friend the figures that he seeks. In 1997-98, business rates formed 25 per cent. of the money that was given to and spent by local government. Last year they formed 20 per cent. The reason is that we have been keen to restrict the annual increase in the small business non-domestic rate to the rate of inflation. At a time when significantly above-inflation Government grants have been given to local authorities, that proportion has therefore fallen. We do not propose to change that policy approach, and any business rate supplement levied in a local area or a combination of areas will be entirely in addition to the core commitment of the business rate take as a whole rising in line with inflation. That commitment will remain.

The present economic circumstances underline the need for active government and an active public sector to protect the poorest, to correct flaws in the market and to exert the leverage needed to secure the proper role and contribution from our private sector. The alternative is to let the recession run its course and leave the upturn to the market—precisely the approach that was taken during the recessions in the 1990s and 1980s. We are determined not to repeat that approach.

Robert Neill (Bromley and Chislehurst) (Con): Against that background, how does the Minister justify the slashing of funding for the local authority business growth incentive scheme?

John Healey: The hon. Gentleman will know that that is a three-year scheme, and was only ever introduced as such. This is the final year, and so far we have paid out £833 million to local authorities as a reward for the business growth in their areas. That is entirely additional to the core Government grant, and entirely without strings attached to how local authorities spend it. Having trialled it by proxy as a grant, now is the time to build it in more systematically as a feature of the business rates system. That is what we propose to do from next year.

The Bill is part of what is needed to put in place the foundations of an upturn. It is not easy, because in these difficult financial times there is a risk that major projects and policy reforms will be sidelined because of short-term concerns. There is also a risk that we will retreat to centralism, removing local discretion and flexibility when there are tough choices to be made. We will not do that, because we in the Labour party believe in greater devolution to local government. That is why the Bill is the latest in a series of powers and freedoms that the Government have given to local authorities in recent years. Those powers are essential at the moment, as authorities do more to deal with the downturn at local level and to face the new challenges ahead.

Dan Rogerson (North Cornwall) (LD) *rose—*

John Healey: I shall give way to the hon. Gentleman, and then—*[Interruption.]* Then perhaps I shall run through several of the powers and freedoms that we have devolved and placed in the hands of local government in recent years. There is obviously an appetite among Tory Front Benchers to hear about that.

Dan Rogerson: The Minister is coming to one of the problems with the Bill, which is that it is neither confined to the funding of Crossrail, about which we have heard much already, nor a fundamental review of local accountability and how money is raised and spent locally. Such a review is much in demand and would enable far more involvement of local communities, whether through the localisation of business rates or through a review of how residential taxes are raised. The Bill is tacked on to Crossrail, which is unfortunate and means that it is neither one thing nor the other.

John Healey: I perceive it as an advantage that the Bill does not introduce a local income tax, and as a strength—not a weakness—that it is not confined to powers for London. It continues the series of greater powers and freedoms that we have given to local authorities in recent years, when we have introduced a general power of competence. It allows local authorities to do anything they choose, except raise taxes, to improve the economic, social and environmental well-being of their area.

A moment ago, I mentioned the three-year business growth incentive scheme. So far, £833 million has been paid to local authorities to reward their efforts to encourage business growth in their areas. Under the local enterprise growth incentive scheme, 20 local authority areas receive £280 million to boost enterprise, inward investment and work. The new power to introduce a community infrastructure levy in the recent Planning Bill gives councils the ability to raise money for vital infrastructure to support more sustainable growth and development.

Local area agreements are struck between the top-level councils in the country and national Government, and designed so that councils can set the priorities for their areas. In all but one of the 150 local area agreements, those councils have set at least one economic priority and target in their plan for the future. In business improvement districts, local businesses join forces with local councils and also invest in their own future.

The murmurings from Tory Front Benchers might suggest otherwise, but I think that members of all parties recognise that local authorities can have an important influence on the economic prosperity and development of their areas. Councils throughout the country, with leaders from all parties, support that view. Sir Michael Lyons emphasised that point in his inquiry into local government. It was a central principle of the sub-national review, which I outlined to the House in summer 2007, and it is also contained in the Local Democracy, Economic Development and Construction Bill, which is starting its passage in the other place.

Local government, across the parties, has welcomed the new powers and funding that we have offered to support economic development work.

Mr. Lee Scott (Ilford, North) (Con): Does the Minister agree that, in the business improvement districts to which he referred, businesses have engaged with local councils and voted in favour of extra revenue going towards improving their areas, and that that is true democracy?

John Healey: I recognise the success of business improvement districts—67 are up and running. They are in diverse areas, such as Liverpool, Leicester, Worthing, Croydon—

Mr. Scott: Ilford, North.

John Healey: Indeed. The 67 areas are diverse and led by different political parties, but work with their local businesses, normally in a very localised area, often to improve safety and environmental quality, and partly to boost business prospects. In many ways, the House and the hon. Gentleman might perceive the business rate supplement as building on that success—applying the approach of the business improvement districts to larger areas and potentially raising money to make lasting change through big projects, such as Crossrail in London.

Mr. Mark Field: Will the Minister give way?

John Healey: I did not anticipate giving way at that point, but I will because I shall move on to something else afterwards.

Mr. Field: Does the Minister not recognise that, whereas with business improvement districts the issue is consent and parties working together, Conservative Members' worry about the Bill is the amount of compulsion, which is at odds with the development of business improvement districts? I agree that they have generally—and certainly in my constituency—proved a great success.

John Healey: As I said, businesses will be consulted in all cases, and there will be a legal requirement on councils to do that. I shall deal shortly with what I regard as the principled case in the Bill that, if the business rate supplement is to support a specific proportion of the funding for a proposed project, there should be a vote, and that in other circumstances there should not.

Mr. Roger Gale (North Thanet) (Con): The Minister is aware of the concern about the effect of the Government's levy of 100 per cent. empty property rates, which was designed for a completely different economic climate. My understanding of clause 11 is that the business rate supplement would apply to any property on which rates have to be paid in full. Is the Minister seriously telling us that a business that already has to pay 100 per cent. rates on an empty property will also have to pay the business rate supplement, even though the property is empty?

John Healey: The Bill allows local authorities, in proposing and implementing a business rate supplement, to make provision to exempt, if they choose, business rate payers on empty property. The hon. Gentleman will also be aware that in the pre-Budget report the Chancellor said that, given the current economic circumstances, the rateable value threshold on empty property will be raised from £2,000 to £15,000 for next year, thus removing the liability to pay business rates on approximately seven out of 10 empty properties.

However, the essential economic case for saying that there should be a liability for business rates on empty property remains, and it is this. It is likely to increase the incentive to re-let, reuse or sell empty business properties, and is therefore also likely to reduce the rents that other businesses pay for the use of their premises. That remains the central economic case for empty properties not being relieved from business rates in the long term, in the way that they have been in the past.

The Opposition, in their motion and their interventions this afternoon, have been saying that they do not like the Bill or aspects of how far it goes. However, we have been urged to go further on business rate supplements than the provisions contained in the Bill. The all-party Select Committee on Communities and Local Government urged us to have no cap on the levy determined by local authorities, to leave ballots to local authorities' discretion entirely and to allow lower-tier as well as upper-tier authorities to set their own business rate supplement. The all-party Local Government Association has also urged us to raise the limit on the business rate supplement to 4p and to allow local authorities a free hand to decide, in the light of local needs, whatever they should spend the gained revenue on.

However, we have concerns about the financial implications for business. That is why we have struck the balance contained in the Bill, in preparing the policy and the provisions, and why a series of safeguards for business is set out in the Bill, involving statutory consultation in all cases. There will be an upper limit on the business rate supplement of 2p, a double lock ballot where the BRS will fund more than a third of the total cost of a project, and a rateable value threshold of £50,000, under which no business will be liable to pay a business rate supplement.

We have also carefully considered the extent to which business should be able to influence the projects that are funded by business rate supplements. The involvement of business in decisions about projects will reflect its financial contribution. Businesses will be consulted in all cases; indeed, there is a legal obligation on councils to do so. It is right that business should have a vote when firms are picking up a larger share of the cost. Where businesses are providing more than a third of the money for a project, they will have a vote on the future of that project. However, where businesses contribute less, they will be consulted in the same way as others, including communities affected by that project. That is because it is not right for business to be able to block projects when it is contributing a small minority share of the funding.

Robert Neill: On what basis was the figure of one third arrived at and what consultation took place, either with business or elsewhere, in determining that figure, as opposed to a quarter, a fifth or a half?

John Healey: There has been considerable debate on and analysis of this policy area for some time, not least in the contributions and evidence to Sir Michael Lyons's inquiry. As I have tried to explain, we have judged that the right balance between the competing interests is that one third of the cost of any large project is the appropriate point to trigger a vote of businesses that may be liable to pay the supplement. However, we will no doubt scrutinise that in more detail as the Bill I hope proceeds through the House.

Mr. Clifton-Brown: In order to give businesses a flavour of what is in the Government's mind for this Bill, will the Minister tell us how many such schemes there are likely to be in any one year? Is it likely that the Bill will operate only in wholly exceptional circumstances such as Crossrail, or are we likely to find that, as local authorities become increasingly squeezed financially, they will use this mechanism to raise revenue from businesses?

John Healey: The short answer to the hon. Gentleman's question is that the extent to which business rate supplements are introduced will depend on the decisions and discussions—and, in some cases, the votes—of businesses in local authority areas. The Bill clearly sets out that any project funded by a business rate supplement must be additional to the authority's current spending plans, and that it would not have happened if the supplement had not been in place. We will support and strengthen this with guidance, on which we will consult, but the Bill also makes it clear that the funds raised by the business rate supplement may not be diverted to plug spending gaps in local authority budgets. In other words, any revenues raised from the business rate supplement must be additional and cannot be spent on the kind of services for which a local authority has other statutory responsibilities.

In addition, there is the safeguard that the funds raised by the business rate supplement must support projects designed to improve the economic development of an area. These might include infrastructure projects, the promotion of an area or perhaps a strong skills programme. I also want to make it clear what the money cannot be spent on, as I tried to do a moment ago. It has to be additional, and it cannot be spent on mainstream services such as housing, health, social care or education, which a local authority has an existing obligation to provide. I intend to set this out in more detail, in guidance or regulations, to make it clear. I also plan to introduce drafts of the guidance or regulations for formal consultation alongside scrutiny of the Bill during the Committee proceedings in this House.

Mr. Mark Field: Does the Minister not recognise that the issue of additionality fills us with a certain amount of gloom? After all, it is less than a decade and a half since the national lottery was introduced, with much the same idea of additionality in mind. Is there not a concern that, after a decade or so, this legislation might be used to provide local authorities with an income where certain grey areas exist; and that such an income could be utilised as a broad, general rate rather than one specifically earmarked for economic development in the way that the Minister envisages?

John Healey: I understand the hon. Gentleman's concern. He and I were elected to the House together in 1997; neither of us was here when the national lottery legislation was passed. I hope he will consider the detail of this Bill, and that he will appreciate that the framework of the provisions requiring funds raised through a business rate supplement to be additional will be a sufficient safeguard. I hope that he will be able to continue these debates as a member of the scrutiny Committee, when we could look at these matters further.

Bob Spink: Will the Minister give me some clarification? If an infrastructure project, for example, were to be especially beneficial for one or two boroughs within a county council area, would that county council have to levy the rate increase on all the boroughs in the county, or could it levy the increase only on the specific boroughs for which the project was going to be particularly beneficial?

John Healey: At the moment, our view would be that we would like it to be possible for a county council to levy a business rate supplement in those parts of the county where there was support for doing so from the district councils in the circumstances that the hon. Gentleman has suggested. Ultimately, however, that would be a matter for the upper-tier authority, in dealing with the business community in its area, either through consultation and discussion alone, or through consultation, discussion and a ballot.

In conclusion, the Bill provides an important new power for our long-term prosperity. It will enable the Mayor of London to raise the money he needs to meet his commitments to Crossrail here in London, and it will extend that power to all upper-level authorities in England and Wales so that they, too, can fund projects that will create wealth and jobs in all our communities in the future. I commend the Bill to the House.

5.10 pm

Robert Neill (Bromley and Chislehurst) (Con): I beg to move an amendment, to leave out from "That" to the end of the Question and add:

> "this House declines to give a Second Reading to the Business Rate Supplements Bill because supplementary rates threaten to become another local stealth tax at a time of economic downturn; because local firms should have a vote on any supplementary rate, as already occurs with Business Improvement Districts; because cuts to the Local Authority Business Growth Incentive Scheme will put pressure on councils to levy the supplementary rate; because the proposed exemption threshold for small business will be far less generous following the 2010 revaluation; because the Bill does not address the problems that local firms are suffering as a result of the Government's business rate rises on empty property and retrospective increases in rates levied on business in the registered ports; and because the Bill fails to limit the application of supplementary business rates to the Greater London Authority and the Crossrail project."

In moving the amendment in the name of my right hon. Friend the Member for Witney (Mr. Cameron) and others, I congratulate the Minister on the one thing that is always held in his favour: he is a man capable of being very reasonable. In this Government, the ability to say outrageous things reasonably is, of course, a valuable commodity, so I quite understand the right hon. Gentleman's valued presence on the Government Front Bench. If he will forgive me for saying so, when it comes to outrageous statements of 2009 so far, the idea that the Bill deals not with a tax but only with a power to levy a tax is a pretty good kick-off. Here is a new conundrum with which children can be entertained over the Christmas period: "When is a tax not a tax? When it is a power to have a tax." Dry old lawyers such as me used to have a saying—"agreement for a lease is as good as a lease" and there was good sense in that, because that was the reality. A power to levy a tax is, in practice, a tax—and that is the reality. With every respect to the Minister's competent performance in defending the indefensible, let us at least be honest about what is happening.

I understand, of course, the reasons behind the desire to examine how local government finance is approached. There is the whole background of the Lyons report and there is a sense in which we should genuinely seek to give local authorities an incentive to encourage economic development in their areas. Two points arise, however. If the Minister will forgive me, it might be thought that that does not happen at the moment, but in fact it does. Local authorities—Essex was mentioned earlier and there are many other examples—are already busy using a raft of powers and are encouraging economic development by means of brokerage, encouragement, effective use of planning powers and so forth, but there is no need to provide for tax-raising powers to go along with them.

Secondly, the Lyons review spoke of flexibility in raising business rates in a number of ways. Not for the first time in relation to Lyons, the Government have rather cherry-picked what best suits their own purposes. We may remember that at the beginning of this argument, suggestions were made of flexibility either way. The Government—let there be no mistake that this is a Treasury-driven measure—have chosen a form of flexibility that goes only in one direction: the ability to raise a tax.

[Robert Neill]

but not to reduce the business rate, as was mooted at one point. They are making selective use of the arguments. Furthermore, the Government have ignored the point made throughout the Lyons report and, indeed, in the subsequent White Paper—that it was necessary for business to have a real say in any such proposals.

If the Minister will forgive me for referring to another interesting phrase of the year so far, "compulsory consultation" is not the same as having a right to vote. If anyone thinks that compulsory consultation can prevent people's rights from being ignored, they should think about the previous Mayor of London and the introduction of the western extension to the congestion charge, where a compulsory consultation was required by Act of Parliament. The Mayor carried it out; the majority said that they did not want it, yet the Mayor ignored them. That shows the value of such "compulsory consultation". Whatever the intentions, rather than encouraging closer partnership between local authorities and business, which happens in the best run authorities, there is a real danger of driving a wedge between local authorities and business, which will be sad and damaging in the long term.

John Healey: Will the hon. Gentleman tell me whether the present Mayor of London believes that there should be a vote in all circumstances?

Robert Neill: I was about to come on to Crossrail, and if you will forgive me, Mr. Deputy Speaker, I will pick up on that point. Interestingly, the briefing document that the Mayor of London made available to all Members of this House states specifically that he supports the use of the business rate supplement only for the Crossrail project, so using London as an example for rolling out the business rate supplement across the country misses the point.

Let me move on and deal with Crossrail—

Mr. Raynsford: Will the hon. Gentleman give way?

Robert Neill: I will, because I was coming on to Crossrail anyway.

Mr. Raynsford: The hon. Gentleman will know that Crossrail is a project of such size, significance and length, in terms of the construction period, that it would be completely unrealistic for the Mayor of London to think of any other possible use for the business rate supplement in the next decade.

Robert Neill: The right hon. Gentleman is right to an extent: Crossrail is a unique project because of its size and extent. I will come back to that point because, in fact, it is an argument against the Government's approach to the Bill. Secondly, it rather flies in the face of the Government's own position that they take Crossrail and use it as an example to roll out nationally. The right hon. Gentleman is correct: Crossrail is a one-off. It is of exceptional size and economic importance, and its funding mechanisms have been the subject of exceptional complexity and negotiation for a very long time.

Let me make it clear that if this Bill were limited in its extent purely to putting in place what is required to carry out the funding agreement for Crossrail, we Conservatives would support it, not oppose it. There has been a long-term debate about Crossrail, going back probably almost to the days before the right hon. Member for Greenwich and Woolwich (Mr. Raynsford) and I were even in the House—certainly to when he first arrived here. It has been around for a long time, and there has been massive consideration. Business in London has been very closely involved, and it is significant that all the representative business groups in London, organisations such as the CBI and the chambers of commerce, support the supplement—for Crossrail, which is the important caveat. Their national representative organisations criticise the Bill for using the Crossrail project as an excuse to introduce a stealth tax on businesses across the rest of the country. That is the key point that is being missed.

The other point, so far as London and Crossrail are concerned, is that there has been a long-standing political consensus in favour of Crossrail in London. All the major candidates at the mayoral election last year stood on a platform of supporting Crossrail and the funding package, so a democratic legitimacy exists that is not allowed for and presented in the Bill before us. It needs to be made abundantly clear that Crossrail is therefore not a justification for the Bill in its current form. It is, I am sorry to say, a classic example of the Treasury's approach—as I said, this measure is essentially Treasury driven, as was the sub-national review—a form of fiscal mission creep to find means of gathering in more public money.

A second point made in favour of the Bill is that it is additional funding.

Richard Ottaway: I was waiting until my hon. Friend had finished on Crossrail before asking him a question, and I think he is now moving on. The Opposition amendment declines to give the Bill a Second Reading because it

> "fails to limit the application of supplementary business rates to the Greater London Authority and the Crossrail project."

What limitations would my hon. Friend like to have seen, had we been in government at the time?

Robert Neill: As we have set out, we would agree with the Mayor that if a Bill was presented that simply gave effect to the funding package that was agreed some time ago, and which has been in place for some time, we would see the logic of that and give a fair wind to it. However, the problem is that the Bill goes well beyond that. The package was the subject of considerable public debate during the mayoral election, so there was an opportunity for Londoners to express a clear view on it. That does not apply to these other matters. We do not want to delay Crossrail—I understand that some of the Bill's provisions make quick progress possible—but we do not want it to be used as a Trojan horse to expand the burden on businesses elsewhere. That is the error that is being made.

Mr. Rob Wilson (Reading, East) (Con): Although we have been talking about Crossrail very much in terms of London, it will go out as far as Maidenhead in the west and we hope that, ultimately, it will come to Reading. Will my constituents have to pay the supplementary business rate for Crossrail to come to Reading? Will the same apply in respect of Maidenhead?

Robert Neill: I understand my hon. Friend's point, but, with respect, may I say that I suspect it would be more appropriate to address the question to the Minister than to me? Currently, the provisions simply give power to upper-tier authorities and do not specify which. I should point out to my hon. Friend that the Bill contains a clause that would enable upper-tier authorities to levy a business rate supplement jointly, but he would have to ask the Minister about that. Perhaps we will be able to return to that point when we examine the details of the relevant clause, where safeguards are not properly addressed.

Another point advanced in favour of the Bill is that it provides additional money, and my intervention hinted at the issue that I take with the Minister about that. If the Government are serious about making additional money available for economic development by local authorities, it is extraordinary that they almost strangled the local authority business growth incentives—LABGI—scheme at birth by cutting its funding so drastically. The LABGI scheme was not perfect, but it edged in the direction of giving a greater incentive to local authorities to attract business to their areas. The funding was cut from £1 billion over the first three years to £150 million in the following three. In effect, the Treasury—yet again the villain of the piece—is taking moneys from local economic development and by sleight of hand, in the form of this Bill, shifting the burden for economic development on to businesses and their customers and employees.

The Treasury has used that trick repeatedly under this Administration. May I give one other London-based example in that regard? Interestingly, when the opportunity for the Mayor of London to levy a congestion charge was first introduced under the Greater London Authority Act 1999 an assessment was made of the likely take of the congestion charge—it did not turn out to be terribly accurate, but that was consistent with most of the other things in the assessments at that time. Lo and behold, the following year the central Government grant to Transport for London was reduced by an amount that was almost exactly the same as the projected take of the congestion charge revenue. The truth is that the Government have form for this, and they are robbing shopkeeper, businessman Peter to pay the Treasury's Paul.

I hope hon. Members forgive my saying so, but there is no credibility to the suggestion that this measure will attract additional money. The points outlined by a number of my hon. Friends in interventions were well made. I can understand why local authorities have been interested in the ability to use such a power—I do not blame them—but one of the reasons they are interested is precisely that they are being put under enormous pressure by central Government. Local authorities have had a range of unfunded obligations placed on them in recent years, they have been given a range of ungenerous, rather tight financial settlements and they have seen the LABGI scheme funding slashed—no wonder they are under pressure to seize any opportunity that they can. In a sense, the Minister is setting up local authorities to be his human shield against criticism—he is pushing them into the front line and saying they want this, when it is almost being done with a financial gun to their heads. That is the reality, and the suggestion being made does not have much credibility.

A third point is that the suggestion has been made that the Bill will give local businesses a stake and a real say. Here is a separate point that the Bill simply fails to address in terms of its own original prospectus. I was having a look at some of the phrases used in the White Paper. Benefits were suggested as including devolved decision making, because resources would be raised and controlled locally and those who have a stake in the success of a scheme and the best understanding of what is needed would be running it. That will not be the case, because the people who have the best understanding and the most at stake are the local businesses and they are not going to have a ballot on this in all cases. Neither is there any provision in the Bill to give those local businesses that contribute an ongoing overview of the implementation and working through of the scheme. In fact, their say is limited, because the compulsory consultation can be ignored. That issue could be addressed—every business group that made representations suggested this—by requiring a ballot in all cases. I hope that the Minister will reflect on that, because if there is to be genuine partnership, there must be good will on the part of local authorities, and that can be achieved.

The Minister rightly said, as did my hon. Friend the Member for Cities of London and Westminster (Mr. Field) and others in interventions, that business improvement districts are a good model for that. I have had the opportunity to talk to several people who run successful business improvement schemes. I recently met Dame Judith Mayhew Jonas, who is leading a successful scheme in a new west end company in my hon. Friend's constituency. The point that was made by everyone involved in the BID schemes is that they work because there is genuine buy-in from businesses and a real incentive for everyone to succeed. Why not adopt that model with the compulsory ballots?

Mr. Raynsford: The hon. Gentleman knows that I have a particular interest in the Bill's business improvement district scheme because I introduced it when I was a Minister. I suggest that not all businesses have a say in a ballot because not all businesses pay the business improvement district levy. It is a levy only on tenants, and there is an issue about the non-contribution of freeholders, who are not involved in the balloting, although many make voluntary contributions because they see the benefits of the scheme. Will the hon. Gentleman be more careful in his claim that all businesses contribute through a ballot, because that is not so?

Robert Neill: Voluntary contributions are welcome, but it follows from the right hon. Gentleman's logic that those who pay should take part in a ballot so that they are represented; otherwise, it would be taxation without representation. That does not detract from the valuable role that voluntary contributions play in BIDs, nor does it undermine the argument that those who are liable to pay the BRS should have a ballot before the scheme is introduced. The point is simple, and would improve the Bill's credibility hugely. It is difficult to understand why the Government have not given way on that, and I hope that they will reflect on it if the Bill progresses to Committee.

I want to raise some issues about safeguards. First, the most important safeguard, which all businesses say that they want, is the compulsory ballot, and I have discussed that. The second issue is the threshold. The Bill does not specify what it will be. The Minister said that the intention—I do not doubt it—is that it should

[Robert Neill]

be £50,000 rateable value, but we must make allowance for the fact that there will be a revaluation of business rates in 2010, so many more businesses are likely to be above the threshold. The suggestion that nine in 10 businesses will not pay is unlikely to be the case. Surely, the Government should give a commitment—perhaps they could put it in the Bill—to review the threshold after each revaluation. It seems only fair and reasonable to provide businesses with that further protection.

There is concern about the definitions in the Bill. I appreciate that it contains some definitions of what the BRS cannot be spent on, but it is interesting that that is the opposite approach to that adopted for the community infrastructure levy in the Planning Act 2008, which contains a specific definition of what can be the aim of a CIL. Why have the Government adopted virtually the opposite approach in the Bill? A tighter and specific definition of economic development would help businesses.

Some people are worried about the administrative costs of a two-tier structure, and several London boroughs have asked for an assurance that their administrative costs will be met within the costs of the BRS. I hope that the Minister will respond to that.

Those are a number of specific and quite technical points that we might return to in Committee, but they do not take away from the overall thrust of our argument, which is that in a sense this is a form of taxation without representation. I may have spent some of Christmas watching "John Adams" on Channel 4—a very fine series it was too—but I do not want to see the Minister cast as a sort of General Gage, imposing these imposts on business. He does not look at all like Lord North. However, there is a real risk that the relationship that has been built up in good authorities will be damaged. The provision is a burden on businesses at a time when only today we have seen the Prime Minister on television announcing yet another set of supposed initiatives to try to help in an economic downturn. However, it is not the words that count but the deeds. At the same time as we have the spin about more investment in jobs, the Government, as their first legislative act, are introducing a Bill that will impose a burden on businesses and therefore be a threat to jobs.

Mr. Clifton-Brown: My hon. Friend will have noticed that the thrust of the Minister's argument for not having a ballot under the regulations is that he is worried that businesses would block the proposal. Surely businesses know what is best for them, and if they block such a proposal they obviously cannot see a benefit to it. If they cannot see a benefit, surely the proposal ought to be carried out under general taxation.

Robert Neill: My hon. Friend is absolutely right, and the point is well brought out by the experience of the business improvement districts. When there is a good BID proposal and businesses see the merit of it, the proposal is carried through in the ballot and businesses vote for it. The test is as simple as that. My hon. Friend makes a very solid point.

I hope that we have set out a number of our concerns about where the Bill fails to address the objectives of the initial debate. I also wanted briefly to touch on the other matters referred to in the amendment, which include the missed opportunities in the Bill. Not only do we have to consider the proposals with the BRS, but we have to consider them alongside the accumulation of other burdens on businesses. We have the BRS on top of the community infrastructure levy. In some areas, we have the possibility of congestion charging and now we have the revival of the cost potential of a workplace parking levy. I hope that at some point the Government will give us some overall assessment of the economic impact of all those potential burdens on business. Will the Government also look again at whether BIDs' contributions should be automatically offset to avoid a form of double taxation?

I want to address two other issues to which we have referred where action has not been taken. The first relates to the situation with empty properties. I know that my hon. Friend the Member for Hertford and Stortford (Mr. Prisk) will deal with the point later, but there is a real concern about the way in which the Government's proposals have worked through in relation to empty property relief. It cannot be satisfactory to have a set of disincentives that cause people to take the roofs off buildings and to demolish industrial plants simply to avoid the levy. We cannot blame the businesses because, with respect to the Minister, there was a lack of economic reality in the advice he was given when he said that the move would be an incentive for people not to leave business premises empty for so long. No landlord wants to leave their premises empty. In the current economic climate, premises are empty because there are not the customers. Clobbering people with the loss of relief is hardly helpful to business confidence at a time when it is falling.

Mr. Binley: Does my hon. Friend recognise that in certain parts of the country ground rents are being advertised at £1 per square foot simply so that the rates will be paid by the new tenant and not by the owner of the empty property?

Robert Neill: That point very well demonstrates the pressures businesses are under and why the addition of even 2p in the pound on the business rate in its current form—about 4.3 per cent. on the current 46.2p business multiplier—would be an enormous burden on businesses, just as we hope they will be starting to come out of recession, if we reach that stage by 2010. My hon. Friend's point is well made.

The final area of rating injustice that the Bill does not tackle is the rates situation for businesses in registered ports. The issue has been raised a number of times in the House by Members on both sides. I know the Minister is well aware of it because he and I have had some dealings about it in the past. The Bill would have been an opportunity to address what is happening to businesses in the ports, where there is the reality of a £33 million tax hike on their liability. Because the Valuation Office retrospectively increased the levy and changed the basis for calculation from the old cumulo system to a new one, port businesses are faced with backdated rate demands that in some cases exceed their turnover. So far this year, two businesses in the ports have gone bust specifically because of their inability to meet the backdated rates demand. That means 50 or 60 jobs. Many such firms are small, but when we add things up we find that the situation is serious.

A number of ports businesses lobbied Members on both sides of the House just before the Christmas break. Operators of major firms, such as DFDS Tor Line, said that if the situation continued, such would be the difference to them that they would have to consider whether their investment should be in the UK or in Rotterdam on the other side of the North sea.

John Healey *rose*—

Robert Neill: I give way to the Minister—perhaps he has some good news for us.

John Healey: I am grateful to the hon. Gentleman for his generosity in giving way. Does he not recognise that I and the Government are also concerned about the scale of the backdated liabilities? We announced in the pre-Budget report that we would allow backdated liabilities from previous years to be spread over a full eight years, so that backdated tax liabilities that are due from those businesses can be made more manageable and less likely to tip companies over the edge, particularly at this difficult time.

Robert Neill: I appreciate the Minister's expressions of concern and I do not doubt that they are genuine, but perhaps we need to go back to the almost total lack of business experience among his departmental advisers. The reality is that simply spreading the payment does not remove the liability. The problem facing businesses is that under the accounting rules they have to bring the whole of their liability into the current year's account and put it on the balance sheet, so, with the rates due by 31 January, that could push many of them into a position where they were trading insolvently. That is the bit that the Government do not seem to grasp. However well intentioned the proposal for spreading the payment may be, it does not get businesses around the legal problem that pushes them into insolvency—as it has done in two cases. If the Minister could come up with a solution to that problem, I should be the first to applaud him and welcome it, but so far the Government's measures—whatever their intention—have not addressed that crucial issue. That is why there is a real threat to businesses in the ports. The Bill has missed yet another opportunity.

The late Iain Macleod, an international-standard bridge player, once observed that politics was rather like bridge: timing is everything. In the current economic climate the timing of the Bill would certainly not bring the Government to international standards; their timing would relegate them not from the bridge club but from the under-fives tiddlywinks league. I honestly hope that the Government will reflect on a Bill that is likely to do considerably more harm than good and will undermine many of the objectives shared by Members on both sides of the House in this time of economic difficulties.

5.39 pm

Mr. Nick Raynsford (Greenwich and Woolwich) (Lab): I start by drawing attention to my declaration in the Register of Members' Interests. I strongly support the introduction of the Bill, and I disagree profoundly with the view expressed by the hon. Member for Bromley and Chislehurst (Robert Neill) at the end of his speech that the Bill will bring "more harm than good". He, as a London Member, will rue that remark, because the Bill is crucial to the future economic success of London. If ever there was a time when we needed investment in important infrastructure that will bring long-term benefits, this is it.

Robert Neill: The right hon. Gentleman, as a fair man, would not want to misquote anyone; he knows full well that I made it abundantly clear at the beginning of my speech that we support Crossrail and the use of the business rate supplements to fund the Crossrail package. However, it is perfectly reasonable to observe, in the context of the rest of the Bill, that damage will be done. I am sure that he will know that the suggestion that I was undermining Crossrail is not an accurate reflection of my words.

Mr. Raynsford: I have to say to the hon. Gentleman that the whole tenor of his speech was one of carping, criticism and attacks. I quoted his words at the end of his speech, which he made very clear; he indicated that the Bill would bring "more harm than good". Those were his words; he felt that it would bring fewer benefits than disbenefits. If he takes that view, he is condemning Crossrail, given that Crossrail is far and away the largest scheme that is likely to benefit from the Bill. He is trying to say, "Well, the measures are okay for Crossrail, but not for anything else," but that stance is intellectually unjustified and incoherent, as I will demonstrate later. It is an attempt to cast a veil of respectability over the disreputable argument that the Bill is not beneficial.

The Bill is important because it helps to build partnerships between business, local government and other stakeholders for the funding of necessary infrastructure. People may ask why that is necessary, when there is already a business improvement district scheme. A brief reference was made to BIDs at an earlier stage in the debate. As I made clear, I believe strongly that the BID scheme is an important initiative that helps local investment in improving areas.

If we look at the BIDs created to date, the pattern is that they are essentially local. The focus on improvement is very much to do with relatively small-scale local enhancements, such as improving the cleanliness, safety and attractiveness of shopping areas, making it easier for people to access those areas and to benefit from shopping there. Those are the main characteristics of most of the BIDs put in place to date. Of course, we are talking about major infrastructure investment on a much larger scale. The benefits will be felt over a much wider area than the relatively small town centres that have tended to adopt BIDs.

I am a strong supporter of BIDs, but the BID mechanism alone is not sufficient. Crossrail is a classic illustration of why the Bill is necessary, and why there needs to be a larger, more extensive and ultimately more robust framework for funding important infrastructure, in cases where business stands to benefit substantially from that investment.

Mr. Clifton-Brown: The right hon. Gentleman earlier boasted that he was the Minister who introduced BIDs. He and I spent many hours in Committee on what form the ballot should take. Given that he was so keen on ballots for the BID system, and given that he has just said that we are now talking about a system on a much larger scale, will he vote against the system until the

[Mr. Clifton-Brown]

Government undertake to introduce provision for a full ballot to be held on each and every occasion on which the measures are used?

Mr. Raynsford: No, I will not, for precisely the reason that the hon. Gentleman mentions: we are talking about a proposal that is far more wide-ranging than the BIDs, which have a narrow, local focus. As he will have heard in my exchange with the hon. Member for Bromley and Chislehurst, the Front-Bench spokesman, not every business has a vote on BIDs. The landowners do not have a vote. Many people saw that as a potential weakness in the BID mechanism, but we regarded it as necessary, because it would have been a huge complication to create an electoral register for freeholders and landowners that is separate from that for tenants, who are liable to pay the business rate. To avoid unnecessary bureaucracy and complication, we did not extend a voting right to freeholders. So in the case of BIDs, not every business has a vote.

We should think about the purpose of the initiative. If it is meant to secure the support of business for major infrastructure schemes, it is vital, first, that there is a framework to ensure that support and, secondly, that it cannot be prevented from operating by the activities of businesses that do not see the benefits. We have heard the view of the hon. Member for Croydon, South (Richard Ottaway), who is no longer in the Chamber; he did not see what benefits small businesses in Croydon would gain from Crossrail. He is wrong, because businesses in Croydon will benefit substantially from Crossrail, which has conducted a detailed survey of the economic benefits resulting from improved journey times and greater access to commercial premises and of all sorts of other benefits from improved transport. It demonstrated significant economic benefits in all parts of London—including areas such as Croydon, which would be some distance from the nearest Crossrail station—as London's transport network is an integrated whole. When part of that network does not function, the consequences spread across the whole city. There are benefits, even in Croydon, and as my right hon. Friend the Minister made clear, small businesses will be exempt. The supplements will apply only to businesses above the threshold, which we think will be set at the rateable value of £50,000, although that has not yet been confirmed in the Bill.

The risk of a universal ballot by businesses outside the area immediately affected by the infrastructure investment, which could destroy the huge benefits for those businesses that are more familiar with the scheme in the area where it will be constructed, could prevent necessary improvements. However, I stress that there are safeguards. First, schemes where less than a third of its cost is met by business will not be subject to a ballot. In any case in which business is expected to meet the majority or a significant proportion of the cost, if the cost is less than 50 per cent. but more than a third, businesses will have a ballot, which is a fair safeguard. Secondly, as we know from the Crossrail experience, the measure would not command the support of business if business in London did not believe that it was a good thing. Even without holding a vote, business representatives in London—the CBI, London First and the chamber of commerce—all know how crucial Crossrail is to the future of our city. That is why there is extensive business support for the concept of a business supplement.

This is important because, as Opposition Members know only too well, Crossrail has been a long time a-coming. The scheme—the hon. Member for Bromley and Chislehurst made this point—has been in gestation for 20 years or more. I remind the hon. Gentleman that when his party was in government, the scheme fell. His party introduced a Bill in the early 1990s to create a Crossrail scheme, but it did not get through the House, not because of the activities of Labour Members but primarily as a result of the stance of the Conservative Chairman of the Select Committee that looked at the scheme. Perhaps that is a comment on part of the Opposition's past to which they do not want to return or of which they do not want to be reminded, but that was the shambles of the hon. Gentleman's Government in the 1990s, and that was the reason why the Crossrail scheme did not proceed.

Without a sound, broad funding base, which is now in place, I do not think that Crossrail would proceed even now. It is difficult to see where the funding would come from to enable it to happen if it were a wholly publicly funded scheme without an element of business contribution. It is fundamental if we are to enable a scheme such as Crossrail to proceed that we have the option for that type of joint partnership funding for major infrastructure schemes. Under the Crossrail formula, funding will come partly from central Government, and it is right that they should contribute; partly from the Greater London authority, and it is right that there should be a GLA contribution; partly from the users of the service through the fare box, which has been taken into account in the financial formula; and, crucially, from business.

The business contributions are not uniform. There are two separate types of business contribution. There is the direct contribution of those businesses that have premises or development sites in the immediate locality of a new Crossrail station, which stand to benefit enormously from the creation of the new transport links. I think of Berkeley Homes in my constituency which is carrying out an important new development on the Royal Arsenal in Woolwich—a major regeneration project that is rightly attracting a great deal of support, plaudits and awards, because it has transformed a formerly derelict site into an area with real prospects in the next two decades of becoming one of the great locations not just for residential premises but for businesses.

Businesses recognise the huge benefits that will come to them from having a Crossrail station in Woolwich and they are contributing towards the cost of that station. That is a direct contribution. There are similar contributions at Canary Wharf from the City of London and elsewhere. That direct contribution is an element, but other businesses not so closely connected to the areas where there will be stations will benefit for the reasons that I referred to in the study that Crossrail carried out into the wider economic benefits. It is right that above the threshold—a £50,000 rateable value threshold seems a reasonable one—there should be a contribution from business towards something that will unquestionably improve the economy of London and the prospects for London businesses. That is the nub of the argument in favour of the type of mechanism that the Bill represents.

I heard the hon. Member for Bromley and Chislehurst saying, "Well, yes, we understand that Crossrail is quite a good idea." He is bound to say that, because his own

Mayor of London, Mayor Johnson, is a very strong advocate and rightly so. The hon. Gentleman would be in an impossible position if he were cutting Boris off at the legs by saying, "No, we don't support this." He has had to get himself into the curious position of saying, "We don't really like the Bill"—the tone of the contributions that we have heard today from the Opposition has been hostile—"but okay, we accept it for Crossrail."

That is intellectually incoherent. Why should London benefit from the Bill and no other part of the country have the benefit? If in any other part of Britain a major infrastructure scheme is developed that has the support of the business community because it believes that the scheme is crucial to economic success, why should it not have the option? We heard no answer to that question. To say that the Bill is acceptable in London on a major project such as Crossrail but nowhere else is incoherent and non-credible.

This new business rate supplement scheme is fundamental to the economic well-being of our country and there could be no better time than the present for it to be introduced. To argue that this is an inappropriate time is extraordinary. In the next week or so we will see the inauguration of a new President of the United States, which many in all parts of the House welcome. He will be clearly committed to major action, including major infrastructure investment to tackle the current economic difficulties that that country, along with the rest of the world, is facing. We know perfectly well from history what an important role major infrastructure investment played in the 1930s in attacking the problems of the great depression.

It seems an extraordinary position at this point in time to try to prevent a scheme from being put in place that will benefit the economy, that can command the support of local business and that is subject to loads of safeguards against measures being imposed on business. That reinforces the view that the Conservative party does not know what to do and so is doing nothing, as against a Government who are determined to take the action necessary to tackle and respond to the challenges of our time. If the Opposition continue in their incoherent, intellectually bankrupt position of saying, "Yes, the Bill is all right for Crossrail, but nowhere else in the country, and we don't like it," they will be seen as the party doing nothing at a time when the country deserves better. I sincerely hope that the Bill receives a solid Second Reading tonight.

5.54 pm

Dan Rogerson (North Cornwall) (LD): A theme that has emerged from the debate is that the Bill means different things in different parts of the country. In London it will undoubtedly be seen as enabling Crossrail to be constructed. That has been discussed, most notably in the contribution from the right hon. Member for Greenwich and Woolwich (Mr. Raynsford), but more widely there may be some confusion about whether this is the right time to introduce it, as the spokesman for the Conservatives, the hon. Member for Bromley and Chislehurst (Robert Neill), said, and how the scheme will work and what safeguards there will be for local businesses and communities.

As I said in my intervention during the Minister's contribution, the Bill falls between two positions. One would be to concentrate on Crossrail and ensure that the enabling powers were in place for the mechanism to work in London, to see how it works, whether it can be delivered, and whether the money required is raised through that mechanism. The other would entail a more fundamental examination and reform of the way the business rate system works. My party would favour the localisation of that process as part of a genuine process of localism. The Minister was proud of the list that he read out, but if he were to discuss that with local authority members, many would feel that that was not a radical step giving them the tools to change the world for the better.

The Bill is focused on Crossrail and allows some engagement with the local business community and some options for local authorities to make a change. However, it does not allow fundamental reform. Through their reasoned amendment, the Conservatives seem to have decided that they are happy to throw out the Crossrail baby with the legislative bathwater. If we reject the Bill on Second Reading, we are effectively setting back progress towards Crossrail. Although we share many of the concerns that have been expressed about provisions in the Bill and about the safeguards for business at this crucial juncture, we think that it would be wrong to reject the Bill when it has such an important job to do with regard to Crossrail and the funding for that.

Robert Neill: I understand the point that the hon. Gentleman makes, but I am sure he will understand that the rules of parliamentary procedure are such that it is difficult to cast the motion in such a way that the Bill would only give effect to Crossrail. I am sure he will understand the thrust of our argument that we want Crossrail to proceed without being burdened with the other provisions.

Dan Rogerson: I am grateful to the hon. Gentleman for setting out his position once again. Having made those points in a general debate on Second Reading, he could have aired them again and had them resolved in Committee. If he had made it clear that that was his party's intention, we would not have been forced into an either/or argument on some extremely complex issues. The Minister will no doubt understand that our support at this stage is not equivalent to a blank cheque to support the Bill. We will have many concerns to raise as the discussion moves on.

Outside London, eyes will be focused on the Bill's slight reform of the business rate, which is important for the businesses that will be directly affected. As we heard from other hon. Members, the organisations that represent those businesses have been keen to point out that big risks are involved. Their fundamental argument is that there should be no taxation without representation. It was good to have an insight into the Christmas viewing of the hon. Member for Bromley and Chislehurst. We share that principle. I am a little concerned that in the Government's responses so far, they seem to be saying that although the process works effectively for bids, with the double-lock vote and so on, and the opportunity for businesses to be consulted, to have the final say and to be involved in what goes on from there, there is not the same safeguard in much larger and more important schemes. That is a problem.

The Liberal Democrats believe that the Bill is a missed opportunity to reform local taxation altogether and radically shift the balance of funds raised and spent

[Dan Rogerson]

locally; it could have been the first step away from the Britain that is the most centralised country in Europe outside Malta. The Lyons inquiry has already been debated in the House many times. It has said that a significant increase in the proportion of expenditure raised locally would assist in the revitalisation of local democracy and its strategic role. That may hint that the principle might be acceptable in certain circumstances, but it does not concede the wider point that local authorities could be trusted to be more involved in raising money locally and justifying the expenditure to the local community, businesses and electorate. The Government should have had that fundamental aim in drafting the Bill. That would have allowed them to look at the Crossrail issues and the reform would have been wider, which many would have welcomed.

There is a real danger that the Bill will set back the positive relationships between businesses and local authorities, which, as we have heard, have been moving forward and delivering through bids and other mechanisms in their areas. That is a real concern. Why concede the principle of locally collected business rates without allowing local authorities to engage fully in that practice?

A useful change adopted by the House has been the hearing of evidence first hand from a wide range of organisations at Public Bill Committees. No doubt our Public Bill Committee will hear from those who think that the Bill is a positive step and those who are far more concerned about it. Clearly, businesses are ready to engage with some proposals of this kind, but they rightly want firm safeguards so that concerns about an ever-increasing taxation burden, at a time when even slightly increased overheads could mean the difference between bankruptcy and insolvency, can be addressed and the voices can be heard. The Prime Minister himself has instructed Her Majesty's Revenue and Customs, for example, to do all it can to support businesses going through short-term difficulty. It would be against that trend if proposals such as these could be imposed on businesses in the local community without their having had the chance for a final say and for thoroughly opting into the process.

We have heard a great deal about business improvement districts as an idea of how such a principle could work. It was instructive to me, as a relatively new Member, to hear that the Minister was instrumental in bringing them in; I am sure that he will want to explore that if he joins us in Committee. What the BID mechanism tries to provide is very different; there are some key local renewal projects to encourage investment. However, the fundamental point is how businesses can be consulted and reassured that they are not simply a cash cow, but very much part of the process of coming up with a vision—and not only funding it, but delivering it and ensuring that it is realised.

BID approval requires a majority of the liable ratepayers and that the aggregate of rateable values voting in favour exceeds those voting against; that is the double-lock system to which the Minister referred. Such a provision is in the Bill for certain circumstances—when more than a third of the eventual project is to be funded through the mechanism. That provision is there, but my concern and that of businesses is that it is not there in all cases. Clearly, if the Bill is enacted, that will be a problem for many people.

BIDs can choose to exclude certain businesses from paying the levy; the Minister has said that he may envisage parts of an area being targeted for funds. Those are the sorts of questions that people will have. There is a fear that the measure could be an overall levy, on top of the existing business rates structure, to fund projects that a local authority might have wanted to fund for some time, but lacked the money to do so.

I appreciate that in some cases it is difficult to demonstrate additionality. However, it is crucial that businesses have confidence that in any system such as this the principle of additionality will apply. A similar point came up in the debates between the Minister, the hon. Member for Bromley and Chislehurst (Robert Neill) and I, during the Planning Bill, about the infrastructure levy and how it would work. Such measures must be designed to provide something and enable development and genuine economic benefit.

Will the Minister reconsider the question of a ballot and return to it later to meet the concerns shared by many hon. Members—that circumstances are likely to occur in which a local authority imposes the measure without there having been a ballot? That is the business community's fundamental and major concern, and a change on that issue could go a long way towards allaying people's concerns about the Bill.

There is much to be said for how local government structures work in other parts of the world in raising money, engaging with electorates and ensuring that there is collective support for measures. In the United States, for example, there are ballots when major infrastructures are to be funded through whatever mechanism is appropriate in the state and a local authority is allowed to pursue. We should move towards such a process, in which the business community and local residents have far more of a say in opting to support major infrastructure projects that could put a significant financial burden on the local authority and the business community.

Under the United States system, the powers available to local authorities are very different and they vary in different states. However, we should aspire to provide that sort of example; that would go far further than the measures outlined by the Minister to engage people and ensure that everybody has a say in the financial commitments for a community and in delivering the community's wishes for its future.

As I said, the Bill raises questions about how the rateable value system works. Last week, I met representatives of St. Austell Brewery in my constituency to talk about the problems that the company's pubs are experiencing. They were keen to get across to me the fact that the smoking ban and changes in people's spending behaviour because of changes in the economy mean that the rateable value of some of their pubs will be affected. The system is very slow to catch up with that. The problem is that businesses are dealt with at a certain rateable value, and it takes a long time for them to get across the message that their business has changed fundamentally and that the premises have a different value. Businesses would have welcomed more exploration of such questions in any Bill on business rates.

As we have heard, next year the rateable value formula will be reviewed. There are concerns that although the threshold is set at £50,000 at the moment—although that is not in the Bill—that may well change in future and many other businesses may be drawn in. That does nothing to allay the fears of those outside who see the Bill as potentially dangerous or negative. The Government's ability to see the economic future has been drastically called into question in recent months. We could see Government Ministers in the role of Michael Fish, who said in 1987 that everything was going to be fine—and then the hurricane struck. All of a sudden we find ourselves in the worst economic circumstances for decades, if not centuries.

There is a need for greater clarity in the Bill. Clause 6, which deals with the consultation process, has little detail about how consultation with business will be conducted. Having said that we favour a ballot system were the Bill to be enacted, I should say that consultation will need to be undertaken extensively prior to that to ensure that there is real debate. We want to hear more about how such consultation should take place and how businesses can have confidence that their voices will be heard. Given that local authorities will also be contributing to these schemes, that also applies to how the debate will be conducted locally for local residents and other organisations in the voluntary sector and so on.

The impact assessment that accompanies the Bill states that assurance will be provided by internal safeguards as well as via external audits undertaken by the Audit Commission. However, inevitably, there will be concerns about consultation. We heard about a specific London-based example regarding the congestion charge. On a national scale, the recent programme of post office closures is another example of consultation. Many communities were given the opportunity to be consulted, but all the evidence that they presented in those consultations came to nothing, and in the end valuable local institutions were lost. That devalued concept of consultation needs to be addressed—the problem is not insurmountable. If there is to be consultation, it must be genuine and there must be a much clearer vision of how it is to be conducted.

We will explore many of those issues in Committee, so it is a shame that the Conservatives have chosen to take an all-or-nothing view at this stage. However, the House seems to be more or less unanimously in agreement that we should not put Crossrail in jeopardy. That is why the Bill, although it needs to be improved drastically, as I hope will happen during its passage, deserves a Second Reading. We have been waiting 18 years for Crossrail. I saw somewhere on a website that we have been waiting for it since Brunel's time, so we can go even further back. That is a name that resonates with me as I come up here on the Great Western line.

Robert Neill: He was a Conservative.

Dan Rogerson: I am sure that the ghost of Brunel would have something to say about that.

An efficient transport system across London is vital to remove congestion, to increase productivity and to deliver economic growth in the constituencies of hon. Members across London. Pulling back from building Crossrail is not an option. Congestion in London's already overcrowded system would worsen and conditions for passengers would deteriorate. International business could relocate to Europe, away from the UK altogether. It is vital to business and to London that the scheme goes ahead. We have had that consultation process, as well as the tortuous progress of an Act through Parliament. Hon. Members who sat on the Committee on that Bill certainly felt that they had done their duty to the House. We have had a consultation process and there is support for the scheme, and it would be hugely damaging to send any signal that it should be brought to a halt or rejected or that the finances enabling it to come to fruition might be curtailed or prevented from being secured. Whatever disagreements we have about the nature of the Bill and the clumsy way in which a broader business rate supplement has been piggy-backed on to what could have been a Crossrail funding Bill, there can be no doubt that the Crossrail project is urgent and must not be further delayed.

My colleagues and I will reluctantly support the Government tonight—reluctantly because there are many ways in which they could have gone further to work with businesses to deliver a Bill that allayed their concerns and assured them that the aim is a partnership that can deliver for local communities. We have been advocates of Crossrail for many decades, and I am afraid that we cannot join the Conservatives in opposing it at this late stage.

There is an enormous amount of work to do in Committee. Britain needs a Bill of this nature, but it needs to go much further in its consideration of business rates. It is a great shame that the Bill falls between two objectives, but I hope that the House will give it a Second Reading. However, I am sure that at later stages and in another place much can be done to improve it and to ensure that it is more fit for the purposes that the Government claim for it.

6.14 pm

Paul Farrelly (Newcastle-under-Lyme) (Lab): I want to give general support to the Bill, which advances modest reforms to the uniform business rates regime that has been run nationally since its introduction with the ill-fated poll tax 1990. The poll tax—I am sorry to mention it twice in two sentences—was swiftly replaced, but this small amount of discretion locally to tinker with business rates has been a long time coming. Importantly, it is not mandatory—no council will be forced to implement a business rate supplements scheme. It also gives local businesses a strong voice in the introduction of any such scheme and over the projects for which any funds raised are earmarked.

That said, I have concerns about the operation of the business rate regime that I hope to highlight with specific examples after these short opening remarks. I promise that I am not going to mention Boris, London or Crossrail. I want to deal with some of the potential benefits outside the capital, but also some of the flaws in the current system that assist abuse. In short, I want to talk about some of the good intentions in the Bill, but also some of the bad apples out there abusing the system. That issue should be addressed with further reforms, possibly as the Bill goes through the House.

In my area of Newcastle-under-Lyme and north Staffordshire, one of the biggest challenges that we face is economic regeneration in a traditional manufacturing

[Paul Farrelly]

and former coalmining area. It will not have escaped the notice of any hon. Member—not least the hon. Member for Lichfield (Michael Fabricant) and my hon. Friend the Member for Stoke-on-Trent, South (Mr. Flello), who are both here—that last week, on practically the first working day of the year, Waterford Wedgwood, one of north Staffordshire's biggest and most renowned employers, went into receivership. Indeed, Wedgwood's employees are today expecting to learn their fate. Like my colleagues locally, I am in touch with Government Departments, agencies and our local Potteries trade union, Unity—its general secretary, Geoff Bagnall, its deputy general secretary, Garry Oakes, and officers in particular—to see what help and advice can be offered.

In Newcastle-under-Lyme, large swathes of land, particularly around the central ring road, are awaiting development. As in other towns across the country, how they are developed will determine not only the economic future of the town but how it looks and feels for the foreseeable future. The issue of land acquisition by the public sector has been one of the key stumbling blocks to joined-up regeneration in our area for many years. A business rate supplements scheme might provide useful extra funding—an additional tool in the armoury, as it were—to make the town more the master of its own future. Public land acquisition would help to safeguard against speculative developers playing the planning system, cajoling local councillors and getting away with poor design, especially as the siren calls of "Any development is welcome development" will only grow stronger during a downturn. In my area, it may well prove popular with local traders and property owners in a traditional market town that is under threat of further huge supermarket developments right round the town centre, not only on the edges of the town.

Together with a coherent local plan, having more wherewithal for public ownership of key sites would act as a bulwark against—or perhaps provide a backbone for—weak, old-fashioned, unimaginative, unambitious or simply perverse planning officers who cave in too easily. That happened yet again in Newcastle before Christmas. Our head of development control, who goes largely unsupervised in a dysfunctional planning department, almost single-handedly pulled the rug from under the feet of councillors, his planning colleagues and experts from Urban Vision North Staffordshire, our local architecture and design centre, by recommending the approval of a Lidl discount store and budget Travelodge hotel, right in the town centre, against all expert opinion and emerging site guidance. Had the site been in public ownership, that could have been resisted. That failure is ultimately political and managerial at the highest level of the council. However, there is no doubt that if these sites were in public hands, in Newcastle-under-Lyme, as in many towns and cities up and down the land, we would be more masters of our own fate.

As in many other areas, housing is another example of major concern where a business rate supplements scheme may well have a part to play in well thought out projects to revitalise the economic fortunes of town centres, in particular. Again before Christmas, representatives from our registered social landlord, Aspire Housing in Newcastle, informed me almost lackadaisically, in a meeting about a totally separate matter, that they did not see the building of new social housing as part of their so-called core business any more. Newcastle alone has a waiting list of 3,000 for social housing. We have regional and sub-regional targets for house building aimed particularly at encouraging town and city-centre living in Newcastle and Stoke-on-Trent. Aspire Housing owns all Newcastle's former council housing stock. If it does not intend to build social housing beyond schemes already in the works, it is hard to see who will, especially at this point in the economic cycle. Frankly, that is a dereliction of duty that I am pursuing with it vigorously. However, it is another example of a development, coupled with key public site acquisition, which meets a need, which might make town centres more sustainable, and which otherwise would not happen, where a BRS scheme might have a role to play and local businesses may well support it in their own interests.

In that respect, I discussed with my local council the option of a business improvement district—an idea introduced by my right hon. Friend the Member for Greenwich and Woolwich (Mr. Raynsford), the former Minister—that would be backed by regeneration agencies to help to revitalise the town centre. A business rate supplement scheme, as provided for by the Bill, would allow for a further alternative in co-operation with local businesses. It is absolutely inconceivable in places such as Newcastle-under-Lyme and north Staffordshire that anything would be implemented without such co-operation or against the interests of local business.

When I refer to local business, I am talking about the vast majority of local employers and traders, as well as national firms and store chains, which are socially responsible and pay their taxes and business rates. However, in Newcastle and north Staffordshire, as in other areas, there is a small minority of unscrupulous so-called business people who do not. They let other suppliers and creditors suffer, as well as the taxman, local councils and the Government's business rate pool. I am not talking about entrepreneurs who genuinely set up firms and take risks that do not work out in a free market, or about businesses, of which there will be a growing number in the recession, which find they cannot cover their costs and have to close. I am referring to a small minority of parasites, frankly, who have no intention of paying their dues from the outset and who hide behind limited liability and deliberately play the system to avoid business rates.

I hope, therefore, that any change to the business rates system, such as the provisions of the Bill, will contain measures to address flaws in the current regime. First, breaking the link between local collection and the ability to spend business rates locally gives councils such as mine little financial incentive to pursue serial evaders seriously. After the passage of the Bill, even if councils set up a business rate supplement scheme, they will still be collecting agents for central Government for the vast proportion of business rates and, importantly, they will not suffer financial loss for any lack of rigour in tackling evaders. Secondly, many of the people in question serially go bust and leave little or nothing by way of assets because they do not own the properties from which they trade, or because they have hived them off into separate companies or trusts. Business rates will still be collected from the operators of business premises and not from the owners or landlords—a point that has been made by Members in all parts of the House.

Reforming that process would aid collection from such evaders and I urge the Government to consider addressing the issue in the Bill, or in further reforms to the system. Thirdly, on the detail of a business rate supplement scheme, I and honest traders in my town have serious concerns about how consultation and balloting arrangements in the Bill—or any subsequent regulations—would cater for evaders. Put simply, they do not operate on a level playing field, so why should they have a voice or a vote, and how could such a situation be prevented? Such details need to be discussed.

I shall illustrate those concerns with a specific example from my area, to give them meaning. We in north Staffordshire are by no means alone in suffering from the actions of such people, but there is one particularly shocking case that I have taken the time and trouble to investigate and pursue over the last nine months as the local Member of Parliament. In the past three years, business rates written off by Newcastle-under-Lyme borough council have more than doubled from £195,000 in 2005-06 to nearly £420,000 in 2007-08. That is a substantial amount for any second-tier authority, and had the borough council collected it and been able to spend it locally—or not—the effect on the council tax would have been enormous. The council has lost a serious amount of money. Those figures dwarf the amount of council tax write-offs from ordinary taxpayers. In March 2007, for instance, £252,000 was written off in business rates for the financial year, which was almost 10 times the amount due from council taxpayers that was eventually written off. Sadly, the council, like many throughout the country, tries to keep those figures secret. It should not. The public have a right to know how the system is operating, and it is perfectly possible for councils to be more robust by shaming serial offenders as a discouragement to others tempted to do the same who give towns such as mine a bad name in business.

I come to the worst example that I have found locally. In March last year, the borough cabinet—behind closed doors again—wrote off more than £13,000 owed by a firm running the Albion public house in Newcastle town centre. The Albion is an old pub—coincidentally, my uncle's mother and father-in-law used to keep it when I was growing up. This was the fourth time in four years that the council wrote off its business rates, and for four different pub operating companies that went into liquidation. The owners and directors of the companies were the same: two local characters called Anthony William James and Peter Andrew Whieldon. Piecing together all their companies' affairs from Companies House and liquidators' reports, one finds that the track record of serial insolvencies and non-payment from their numerous pub companies since 2003 runs as follows: more than £47,000 in business rates was written off by Newcastle-under-Lyme borough council, another £57,000 in business rates was owed to Stoke-on-Trent city council, and at least £184,000 in VAT, tax and unpaid national insurance was owed to Her Majesty's Revenue and Customs. In all, their failed companies have left a trail of £1.3 million in unpaid debts across the Potteries, but they are still in business and, by all accounts, they have never had it so good.

I am not making a political point, but what makes the case particularly shocking is that Peter Whieldon, one of the co-owners, is a local Conservative borough councillor. Until I pursued that track record, he was vice-chairman of Newcastle-under-Lyme council's financial audit and risk sub-committee. He is still the treasurer of the local Conservative association. His current companies run at least three pubs in Newcastle, and others in Stoke-on-Trent, which make people's lives a misery in town on Saturdays by showing live Stoke City matches, accessing dodgy satellite signals aimed at Scandinavia and elsewhere. They are doing a thriving trade, but to add injury to insult, the resulting antisocial behaviour causes some traders who pay their business rates to shut up shop early and lose business. As well as football's premier league, the police have serious concerns.

On business rates, I want to stress that the present regime provides no incentive financially to a local council that shows no determination—as a matter of good practice or, as in this case, to uphold civic values—to pursue such serial evaders seriously. The council as a collector for the Government suffers no financial loss. The premises in question were not owned by the companies liable to pay the business rates. The freehold of the Albion pub, for instance, is owned by Marston's. When the companies go bust—surprise, surprise—the landlord, and main drinks supplier, does not appear on the list of creditors. Either the landlord is very prescient, or that is prima facie evidence of preferential treatment of a key creditor and of tolerance of dubious business practices over quite a number of years, which can only detract from a reputable brewery's standing in the community.

If the business rates regime allowed councils to collect business rates from the actual owners of properties—either generally or in the special circumstances that I have outlined—the opportunity for evasion would be much more limited. I encourage the Government to consider such a reform during the passage of the Bill. Locally, we pursued the council over the affair after receiving many complaints from the public and local businesses. A letter was sent last April, for instance, to the Conservative leader of the council, Simon Tagg, to ask not just why the council always wraps itself in so much secrecy, but what straightforward measures the council had taken to protect itself and the Government's business rate pool, given the track record, by means such as not allowing rates to build up over a year but instead demanding them up front or in instalments, which is the case for ordinary council tax payers The leader replied that existing legislation does not allow the council to do that. He also wrote:

> "The Council's finance department cannot take account of 'previous bad history' when issuing demands because they have to treat each financial year separately."

That defies common sense and any good business practice, and I would like to hear from the Government whether that advice, no doubt given to the leader by his officials, is correct. If not, I will further pursue the matter locally. If it is correct, I would urge the Government to amend the Bill to give councils common-sense flexibility in how they pursue such cases.

I have written at length several times to the council's relatively new chief executive, Mark Barrow, who has been in post for about 18 months now. The first time was in April, when I pieced together the track record. I wrote again in June and again at the end of July after receiving no substantive reply. I am afraid that at that point, for the first time as a Member of Parliament, I invoked the Freedom of Information Act, but pretty much to no avail. Apart from general procedural details

[Paul Farrelly]

about the new standards procedure for local councils, which I knew about by that stage, I received no answer to specific questions and heard no more. I wrote again on 4 December, expressing grave disappointment and again citing the Freedom of Information Act. This time I received a two-line acknowledgment, dated 8 December, from the council's freedom of information co-ordinator, promising me a response about the business rates within the statutory deadline of 20 working days As of today, 12 January, there is still a resounding silence from my council and its chief executive over the affair.

The point that I wish to make about the reform of the business rates regime is that if such things are happening in my area, they are happening up and down the land to the detriment of government, councils, council tax payers and honest business rate payers. There is some local evidence that the more widely such behaviour becomes known—traders talk to each other all the time—the more others follow suit, either just because they can or because they cannot otherwise compete on a level playing field. Have the Government calculated the total cost of business rate write-offs each year, and have they commissioned any studies to estimate how further reforms such as those I have suggested may help to reduce that amount, to the benefit of everybody across the country?

Councils could either be helped by being able to levy business rates on the owner of a business property, or they could be given specific duties to pursue serial evaders, with financial penalties on councils as an incentive. That would apply particularly to councils such as Newcastle, which has hardly pursued with zeal the affair that I have mentioned or complied with its statutory duties under FOI legislation. If that is the frustrated complaint of the local MP, what chance do ordinary local council tax payers and honest businesses have of ensuring that the business rates system operates fairly?

I shall draw my remarks to a conclusion by discussing openness. A further reform should involve a duty on councils to be transparent about write-offs and the non-collection of business rates in general. In the case that I mentioned, the council's standards committee has now considered a complaint against Councillor Whieldon, concluded that there is a case to answer and appointed an investigator. However, that has all been done behind closed doors. Nothing has been said in public, and nine months on I have not been contacted. I hope that the review has not been set up to clear the council and to whitewash the procedures that it adopted.

One of the more farcical elements of the case is that the only thing that has been made public is an investigation into how the information came into the possession of a Member of Parliament—a leak inquiry into myself. As part of that investigation, last July the council reviewed its policy of writing off business rates in secret and gagging cabinet members and ordinary councillors from saying anything to anybody, even in the public interest. In a paper to its cabinet, the council surveyed the policies of nine councils in Staffordshire and labelled them—

Mr. Deputy Speaker (Sir Alan Haselhurst): Order. I have given the hon. Gentleman a fair amount of licence, as this is a Second Reading debate, but on balance it now appears that he has used the term "business rates" to talk about business rates in general, rather than to speak within the scope of the Bill. There is a certain amount of flexibility on Second Reading, but I think that he has exhausted the possibilities of it.

Paul Farrelly: As I said, I am drawing my remarks to a conclusion.

Mr. Deputy Speaker: Order. Hopefully the hon. Gentleman is now doing so quickly, in view of what I have said.

Paul Farrelly: My point is to suggest further reforms that may be introduced as amendments to the Bill, which reforms the business rates regime, as it passes through the Palace of Westminster.

Mr. Deputy Speaker: Order. Perhaps the hon. Gentleman should hope to get on the Committee in order to do that, but he will still have to do it within the terms of the long title of the Bill.

Paul Farrelly: Indeed, Mr. Deputy Speaker. I shall make such a request of my Whips.

In conclusion, I shall support the Second Reading of the Bill tonight. However, I urge the Government to make the wider reforms that I have mentioned to tackle abuse of the system and to make councils more open about their collection records. Otherwise, council tax payers in Newcastle will gain the impression that ordinary families will be pursued to the limit in hard times, while determined business rate evaders will get off scot-free. Honest businesses and traders in my area do not like what people such as those I have mentioned are up to, and the Government can ensure that our councils are better helped so that they do not get away with it.

6.33 pm

Mr. Brian Binley (Northampton, South) (Con): I follow an interesting speech by the hon. Member for Newcastle-under-Lyme (Paul Farrelly), in which he made remarks about a person whom I know, and knew reasonably well in the past. I was concerned that such remarks should be made, and I seek your guidance at the outset, Madam Deputy Speaker. It seems to me that a person ought to be given the right to put the record straight if they feel that it has not been stated well in the House. I do not know whether it was in this case, but I wonder whether I might appeal to the person concerned to write to me so that I can put the record straight, perhaps on Third Reading. I would be grateful for the opportunity to do so, and I seek your guidance on that point, Madam Deputy Speaker.

Madam Deputy Speaker (Sylvia Heal): Of course, Members are responsible for what they say in the House about either another Member or people outside the House, but clearly that action is open to the hon. Gentleman.

Mr. Binley: I am most grateful for your guidance, Madam Deputy Speaker.

Paul Farrelly: The local councillor was given full opportunity last April to respond to the matters of fact. He not only declined to do so but put the telephone down on me. The matters of fact have been laid in the public domain without the benefit of privilege.

Mr. Binley: I am grateful for that clarification, and I shall take it into account, as I am sure you would expect me to, Madam Deputy Speaker.

I move on to business rate supplements, which are the subject of the debate. We have heard a lot about Crossrail, but I shall leave that issue alone. I spent two and a half years on the whole thing, and I am very doubtful whether it will ever get off the ground. That is another matter altogether, and I have made that point clear in the House on a number of occasions. I have no reason to change my mind, and I do not want to take up valuable time by proceeding through the whole Crossrail debate again.

The Minister for Local Government said that this was not the best of times from a business perspective. That was pretty much an understatement, and I wish to set out the business atmosphere and climate that prevails, because it has a bearing on the debate. Many businesses would tell the House that they are in one of the worst of times, and that they face immense problems. They are burdened by the Government's activities in recent years, which make it more difficult for them to face those problems.

I shall give a brief resumé of the current business climate. In 2007, some 13,500 companies failed. The Forum of Private Business tells us that in 2009, some 200,000 businesses will fail. That is a pointer to the almost unprecedented economic situation that the businesses of this country have to deal with. KPMG, the well-known accountancy business, has stated that 150,000 companies will become insolvent in 2009, which will be the highest number since records began 50 years ago. Unemployment is at more than 2 million, and is projected to be 3 million by the end of 2009. The interesting figure was released last week that new bank lendings in the third quarter of 2008 were £447 million, compared with £16 billion in the same quarter a year ago.

Those figures are all pointers to an economic climate that is unprecedented in business terms. In Northampton, businesses tell me that turnover is already down by 10 to 20 per cent. For some businesses, particularly restaurants, it is down by 30 to 35 per cent. Most of those are owned by friends from the Bangladeshi community, who run some of the most impressive Indian restaurants in the country. I am happy to pay tribute to them, but tragically they are faced with a 35 per cent. fall-off in turnover. It is as though they had fallen off a cliff.

The Prime Minister now admits that the downturn will be longer and deeper than we thought. That comes after the Chancellor told us in his pre-Budget report that there would be a recovery in the third quarter of 2009. The Chancellor said:

> "We are far from through this"

when asked about that projection, which perhaps hints that although he did not quite want to say "I was wrong", he was not far from saying it. Barry Potter, the director of the International Monetary Fund, said that it was "very optimistic" to forecast that Britain would begin to recover in the third quarter of 2009. It is therefore true to say that we have not done away with bust. We speak against a background of a serious recession, so what do the Government do? They propose that we think about levying extra cost, through an extra tax, on businesses, which are suffering from massive past burdens.

Mr. Andrew Love (Edmonton) (Lab/Co-op): What would the hon. Gentleman do? Nothing.

Madam Deputy Speaker: Order.

Mr. Binley: I am delighted to offer the sedentary speaker a reply—we would guarantee loans—

Madam Deputy Speaker: Order. We cannot widen the debate. There are certain parameters, and the hon. Gentleman has been given some licence. Perhaps he will now tailor his remarks accordingly.

Mr. Binley: Of course, I accept your guidance, Madam Deputy Speaker, but you will recognise how provoked I was.

Business has faced £66 billion of regulatory costs since the Government came to power. There are 800,000 people on the public sector payroll; only the wealth-producing sector has to support that. I am worried that we have seen little concern about that from Labour Members. All we have heard from them about the trials and tribulations of business people seems to involve the small minority who deliberately set out to twist the system. I am all for belting them as hard as we can, but, after 40 years in business, I have met very few such people. I have always been proud of the ethical base of most businesses in this country, especially in the small and medium-sized enterprise sector. I would like that to be on the record, and it will be now. I am grateful for the opportunity to do that.

In addition to extra costs that business has to bear, corporation tax has increased for the SME sector.

Madam Deputy Speaker: Order. Again, the hon. Gentleman is widening the scope of the debate. I ask him to concentrate his remarks on the Bill.

Mr. Binley: Of course I will, but I am sure that you understand, Madam Deputy Speaker, that the background of the economic climate is a vital part of the debate.

Madam Deputy Speaker: Order. The hon. Gentleman has had the opportunity to present some background to the debate. I hope that he will now move on to the content of the Bill.

Mr. Binley: Absolutely right.

We face a massive additional tax—or potential for it—in the business supplementary rate, which is the subject of the Bill, but it must be judged against the background of the business climate. You are right, Madam Deputy Speaker, that I have argued that enough, but it is important to make the point.

Where did the idea for a supplementary business rate come from? It will not surprise you, Madam Deputy Speaker, to learn that it came from the bowels of Government. I believe that it was first raised in a White Paper in 1998. The idea did not therefore originate from the business sector, the general public, or even local government. It came from the heart of national politics—this place. After its publication in the 1998 White Paper, it resurfaced in a Government-sponsored balance of funding review in 2004. We face a Bill that is thoroughly new Labour, Government sponsored and—business feels—thoroughly anti-business. Business says that.

[Mr. Binley]

I want to quote from businesses that have expressed deep concern about the Bill. It is right that the House understands the breadth of feeling in the business community about the measure. On 23 December, the CBI, which represents a third of the private sector work force—240,000 businesses—stated:

> "The CBI is concerned that BRS could add significantly to the business tax burden."

That is the heart of the matter. The CBI does not trust BRS not to widen, and become the thin end of the wedge and a greater tax than it is innocently portrayed to be. It does not trust the Government on the matter.

The quotes are all from recent statements. On 6 January, the Institute of Directors said:

> "The IOD strongly opposes BRS in principle. They would be an additional burden on business which bears no relation to profile and could jeopardise their commercial viability."

If the Government do not take that statement into account, I do not know what they will do about placing further charges on business.

On 9 January, the British Chambers of Commerce, representing more than 100,000 businesses, which employ 5 million people, stated:

> "With the UK economy facing a recession the BCC is opposed to the introduction of BRS proposals across the country which could cost business up to £597 million per year."

I emphasise £597 million a year, to be doled out in a way that—in many business men's eyes—will not help businesses. They are most concerned that the money will leak out and be smoothed into other areas of activity. That is one of the Bill's dangers—it does not tie up the way in which money is spent anywhere near strongly enough to meet with businesses' approval.

The British Retail Consortium, which represents a massive part of the British retail industry, is especially concerned. On 9 January, it stated:

> "The BRC does not support the introduction of BRS… it has the potential to add significantly—and disappointingly—to retailers' costs.
>
> It saddles retailers with new costs when they can least afford it—it could add an extra £160 million a year to tax bills. Retailers face a massive £16.6 billion cumulative increase in rate bills from 2010."

I do not need to point out to hon. Members how many retail businesses are going to the wall. They have read about high profile companies, but every Member will point to his own high street, shopping areas and retail businesses, and say, "He's gone", "She's gone", "That's up for sale" and "That shop is now vacant." That will increase dramatically in the coming year or two years—perhaps even three years.

Let us consider construction, which is vital for this country. The Government say that they want to encourage it and look to it to build more houses, provided that they can get credit moving. On 6 January, the Federation of Master Builders stated:

> "At a time when 60 per cent. of FMB house builders are reporting falling workloads the last thing builders need is another tax."

Just at the time when we may begin to see green shoots—my prediction is April 2010; we might tell the Chancellor that—we provide the opportunity to levy a new tax on business. The Federation of Master Builders is aghast.

The Institute of Chartered Accountants in England and Wales stated:

> "BRS could prove a tax too far—it could add up to 10 per cent. to a company's council tax bill."

Moreover, the Forum of Private Business stated:

> "The FPB is disappointed that despite vocal opposition the Government intends to press ahead with this legislation. It is deeply unpopular. It would be a considerable barrier to growth."

The Federation of Small Businesses stated:

> "The FSB opposes the Bill. Small business rate bills are on average proportionally three times greater than larger businesses. The FSB will continue to oppose the BRS."

There could not be a more solid array of business organisations lined up against a proposal from a so-called business-friendly Government. We are for ever inundated with messages from the Prime Minister, the Chancellor and Labour Members about how they understand, support and want to help the business sector. One would therefore have thought that they might listen to business and help it in the way it wishes to be helped. However, the Bill is an example of how all the Government's words come to very little when action is required. As my grandmother said, and as I repeat again and again, fine words butter no parsnips. It is no accident that the business sector's trust in the Government and the Prime Minister has dropped dramatically, and this Bill is one of the reasons.

The attitude of business is perhaps best summed up by a statement that I received from Mr. Richard Gayler of Scanfit Ltd and which is supported by many business leaders in Northampton, South:

> "This is another stealth tax. My local Council"—

he is not a Northampton man, nor is Scanfit a Northampton business; he wrote to me through a small business contact—

> "treats me as a cash cow in exchange for what I see as no increase in services provided.
>
> Many companies are thinking of making redundancies because of the current economic environment and an increase in business rates will mean they will have to consider making even more."

No wonder business is horrified at the prospect of another tax. Businesses are horrified for a number of reasons. They have written to me in their hundreds and said that the Bill is inadequate, ill prepared, badly written and deficient in many respects. That is the message that I have received from business about the Bill. The Government tell us that the Bill is intended to enhance business partnerships and recreate a better understanding between local government and business, yet business is totally opposed and concerned about the quality of the Bill.

Let me voice some of those concerns, some of which have already been mentioned. There is a universal wish for a ballot on all projects. That is a must where proposals are made by local authorities. I have worked in local authorities as an elected councillor for nearly 12 years and I have been a party officer working at the constituency level for 50 years next year. That is a long time to be in politics, and one might feel that the effort that I have made to arrive in this place so late in the day has hardly been worth it. The truth is that local business is very wary indeed of estimates produced by local councils. Local business wants much more involvement in the business rate supplement process, if it comes to fruition, and therefore wants a ballot for all projects, because it knows that local government estimates can be so way out.

We have seen even the Government's estimates being pretty off the mark. Dare I talk about the Olympics, Madam Deputy Speaker? Would that be unfair to the Government? What was it—£2.9 billion?

Madam Deputy Speaker: Order. Whether that is fair or unfair to the Government is neither here nor there: it is not included in the Bill.

Mr. Binley: You are absolutely right and I thank you again for your guidance, Madam Deputy Speaker. But the very fact that local government estimates are no better than Government estimates is why local business needs to be involved at every point. Local business knows that often estimates cannot be trusted. That is why we cannot set the level at a third of a given project, as is proposed, because there are too many ways of perverting any projection for local business to accept it at face value. What guarantee does business have that local government will not understate a project cost? What is to say that local government will not say afterwards, "Oh yes, well, we should've had a ballot, because this has turned out to be more than a third of the total rate, but we didn't expect that when we made our projections"? It is just not good enough.

Business is also concerned that there would be a reduction in spending on projects financed from Government sources. We have already experienced a reduction in the revenue support grant for local government because other items are reckoned to have more impact. Let me give an example. Grants for infrastructure have been used as a reason for not increasing the revenue support grant in my county. The truth of the matter is that grant is given and taken away, but we are still left with a lower base than we should have, had we received the proper amount of revenue support grant. We need a guarantee from the Minister when he replies to this debate that other Government spending can in no way be lessened because of the ability to levy an extra business rate on businesses.

Let me talk about the concern about the level of rateable value. You will know, Madam Deputy Speaker, that it is suggested, although not stated in the Bill, that the level for payment of a supplementary business rate will be a rateable value of £50,000. I do not know whether the Government will confirm that that will be the level before the end of this debate, but the Bill does not come into effect until 2010. We shall have a rate revaluation in 2010 and many more businesses will be caught in the net of that tax as a result. What is to say that, if the proposal does not work quite how the Government wish it to, we will not lower the level of the rateable value relevant to the calling for a particular tax under the Bill to be paid? There is massive concern about rateable value and, in particular, about the fact that we will have a reassessment that could affect the whole thing. We will vote on the proposal now, have a reassessment and then find that many more businesses are caught in the trap of extra taxation.

There is concern about consultation. I have had the experience—I was about to say "good fortune", but it was not good fortune—of being in a business caught up in local government consultation. I was a marketing and public relations professional for a long time, and the consultations that I saw emanating from local government were some of the most amateur and shoddy that I could expect to see. The lack of professional ability in that respect has been lamentable. It is therefore no wonder that business is concerned about the lack of good consultation.

Business is concerned that BIDs payments will not be offset against business rate supplements. The BIDs project is excellent—I pay tribute to the right hon. Member for Greenwich and Woolwich (Mr. Raynsford), who introduced it—because it has meant that business and local authorities work in partnership. That was the essence of the project, which had the effect of bringing business and local government together more and creating greater understanding. The Bill will do the opposite, because business will not be involved in the project. The businesses might simply have the chance to vote, but that would pretty much be all, until the project ended. If there is a good BID project going, the very least that we ought to be doing is to offset the business rate supplement against that project. That provision is not in the Bill, at least not in a form of words that the right hon. Gentleman and I know to be meaningful.

Let me introduce another point. I live in a sustainable communities project area. Northamptonshire is due to build 167,000 houses by 2031. It is expected that our population will grow by 50 per cent., and that most of the money for the infrastructure will come from—would you believe it?—the local construction industry. So the industry will have to make sustainable communities project payments on land, and perhaps pay a roof tax, and pay a business rate supplement on top of that. Asking it to take part in a BID project will simply not work.

I want to make a final point on the loopholes in the Bill. I hope that the Minister is noting these points, and that he will respond to each one in as much detail as I have used in trying to make them to him. Businesses are worried about how the cost of administration will be constrained, and about how well the funds will be ring-fenced. They have seen in local government what is loosely called unofficial virement across budgetary silos, along with work not being properly classified in one area of activity and being moved into another. They are very concerned about this proposal.

Businesses are also concerned because this is a long-term project. I have already mentioned that we are now in one of the worst business environments that we have ever faced, but we all hope that that will come to an end. In fact, we believe that it will do so. We might run a book in this place on when it will happen. Will it be in two years, or three? We do not know, but green shoots will appear, and that is the time at which we must take all the burdens off businesses that we possibly can. We want to release them from regulation and extra taxation, not add to their burdens when they are recovering from a recession that will do more damage than has been seen in living memory. After three years of recession, we shall have about 10 years of recovery—at least, that is what most business people tell me—before we get back to where we were in 2007.

We shall also face a global challenge that will run for 30, 40 or 50 years. The only sector of our community that can fight that challenge is the business sector. It will be fighting massive growth from what is called BRIC—

[Mr. Binley]

Brazil, Russia, India and China—and the underdeveloped nations. The world will be dramatically changed in business terms over the next 40 years, and this recession might have heightened that change. Yet the Government fail to recognise that every burden that they place on business is another millstone around its neck to be dealt with in the fight to stake our business claim in a global world.

I have heard very little from the Government that shows that they understand the need to nurture and help the wealth-producing sector rather than adding to the regulation and burdens placed on it. That is what business is most angry about. That is what I meant when I talked about the fine words that emanate from this Government but are not carried through into real actions when it comes to nurturing, nourishing, growing and helping to sustain the business sector in this country. The business sector wants help and understanding, not fine words and promises that are not very meaningful. It wants help and real understanding, but the Bill shows that it is not going to get it from this Government.

7.5 pm

Mr. Lee Scott (Ilford, North) (Con): I shall try to be brief and to stick to the points raised in the Bill, which I am sure will please you, Madam Deputy Speaker. I agree with what the right hon. Member for Greenwich and Woolwich (Mr. Raynsford) said earlier about Crossrail. I have been a supporter of Crossrail, both under the present excellent Mayor, Mayor Johnson, and under his predecessor, Mr. Livingstone. For many years, I have believed that it would benefit my constituents, even though it will not actually go through Ilford, North—it will go through the neighbouring constituency of Ilford, South. It will take pressure off the Central line and other lines in the area, as well as bringing in extra transport capacity. I fully support Crossrail; I believe that it is a separate issue from the remainder of the Bill and that it does indeed need funding.

I do not agree with my hon. Friend the Member for Northampton, South (Mr. Binley)—

Mr. Binley: Oh!

Mr. Scott: He is shocked by that. I do not necessarily agree with his pessimism about Crossrail coming to fruition. I hope that it will do so as quickly as humanly possible, for the benefit of everyone in London and, indeed, the whole country.

I should like to talk about business improvement districts. My hon. Friend the Member for Northampton, South paid tribute to the right hon. Member for Greenwich and Woolwich (Mr. Raynsford) for introducing those provisions—

Mr. Love: He is getting worried, now.

Mr. Scott: Indeed, the right hon. Gentleman is getting worried at receiving so many compliments from this side of the House. Of course, he is more than welcome to come over to this side of the House.

Last Thursday, the hon. Member for Ilford, South (Mike Gapes) and I went to Ilford town centre to promote the business improvement district—the BID—that has been proposed there. It is precisely in this time of recession that we need such an arrangement, because we are seeing empty shops in our high streets. I shall not list all the shops that are going, and I pray to God that not too many more will go. I fear that some will, but I believe that the BIDs could help to stop that in these difficult times. We appeared in the local press only this week to persuade people to become involved in the BIDs and to encourage them to pay the business rate supplement that would be required. We are encouraging people across the board, in small and large businesses, although I believe that there is a particular onus on some of the larger businesses that perhaps have more resources to fund these arrangements than the smaller businesses, which might find that more difficult.

I want to talk briefly about the BID in my own constituency, the Hainault business park, and to pay tribute to Mr. Jim Ridley and Mr. Chris Wyles, who co-chair the organisation. Before I came to the House as a Member of Parliament, I was the cabinet member in Redbridge for regeneration in the community, and we promoted the BID project with Hainault. There were some difficulties in the area, in relation to levels of crime and to the number of empty units in the business park. The BID project has enhanced the area by bringing in new businesses, closed-circuit television, signage, and extra police community support officers. Various other projects have been linked in and brought in funding from banks, from businesses and from the wider area. This is all making the business park a thriving area, and one that I hope will be more resistant to recession than other areas that do not have such an arrangement. I am a great fan of the project.

Of course, the project was set up by means of a vote. In Ilford, everyone was fully engaged and fully involved in voting to get the extra funds. My problem with the provisions in the Bill is that consultation, however well meaning it might be, is simply consultation. It is not the same as engaging people in voting, getting them involved and enabling them to feel part of a project. I believe that that is where the Bill falls down. What we need is a provision for such voting, and certain guarantees in the Bill. I shall push for that if I am on the Public Bill Committee. Looking down at those on my Front Bench, I believe that there is a possibility that I might find myself in that position. I genuinely believe that we have to push for those provisions.

You will be pleased to know, Madam Deputy Speaker—with no offence to my hon. Friend the Member for Northampton, South—that my conclusion will be brief rather than lengthy. We have heard about the problems of recession and if I may have a little latitude, Madam Deputy Speaker, I would like to say a few words about a small business whose owner came to see me shortly before Christmas. It does about 80 per cent. of its trade over the Christmas and January period. A bank that will remain nameless decided that it would be prudent to call in the overdraft facility before Christmas, putting that business in an impossible position: either the business was being given the keys to shut up shop or it would be allowed to trade its way through the difficulties in the Christmas period. The bank would not move. Fortunately, we introduced the business owner to a new bank, which was able to honour the overdraft facility and allowed him to trade through Christmas. I am delighted to say that the business had a good Christmas and is now able to trade on. The Government have to look further into the practices revealed by that case. I realise that that example may not be strictly relevant to the Bill, but I wanted to raise it so that the Minister may pass on those details to the Treasury to enable it to take some action.

I obviously support the Opposition's amendment, but I also want it put on the record that I fully back Crossrail, which I believe is vital and needs our support. I would, however, like see votes on every issue that involves and engages our business community, so that it is part of any decisions taken.

7.10 pm

Mr. Mark Field (Cities of London and Westminster) (Con): The issue of the business rate supplement is nothing terribly new. Much as we like to present it, as did my hon. Friend the Member for Northampton, South (Mr. Binley), as coming from the bowels of the Government over the last decade, it actually goes back quite some time. At the heart of the legislation lies the age-old questions: how should large-scale infrastructure projects that promote economic development be most equitably financed; and should business be able to benefit without contribution when windfall gains benefit property values as a result of infrastructural development projects that are made for the common good? It is difficult to get our heads round those difficult issues.

The whole conundrum of "value capture" has been with us in many ways since the great railway building mania of the 1840s and 1850s, when things were somewhat simpler. The promoters of the new railway networks that sprouted like bindweed across the UK during that crazy decade or so bought up the surrounding land, built houses and in that way paid back the capital costs of the new infrastructure. That, at least, was the theory; but all too often in practice, boom turned to bust. I wonder where we have heard that phrase before. The only investors who profited were those who either cashed out very quickly or those who were genuinely in the project for the very long term.

I must confess that I share my party's concern that in today's desperately uncertain economic and commercial climate there could scarcely be a less opportune time to introduce what undoubtedly amounts to a new stream of business taxes. The Minister fairly argued that we are putting in place a regime that will have an impact not just now, but in the decades to come, and it is also probably fair to say that relatively few schemes will come onstream during these difficult and tumultuous times, but I none the less share many of the concerns expressed by those on the Opposition Front Bench that now is not the time to bring such a Bill into play.

The very compulsion that is instrumental to a supplementary business rate is in stark contrast to the business improvement district initiative, which has been referred to by many hon. Members. My hon. Friend the Member for Ilford, North (Mr. Scott) made it clear in his contribution that BIDs had proved a great success in his own area. I have to say—I am surprised that the Government have not yet pointed it out—that the initiative was initially opposed by the Conservatives during my first term as a Member, but I acknowledge that there have been great successes in my own constituency. My hon. Friend the Member for Bromley and Chislehurst (Robert Neill) referred earlier to a new west end company and there is also the Paddington Waterside BID; a number of other areas are also keen to go through this procedure.

As I have said, the real issue relates to what is a proper sense of consultation and true ownership of how the process works. Such consultation contrasts with the element of compulsion that is integral to this particular Bill. Consent by local businesses under the process in the Bill would be sought only for those projects where the supplement made up for one third of the total cost. There are some understandable fears that that arrangement will become a charter that ends up driving business both old and new away from the parts of the UK that most need regeneration. The Government must address that concern as they follow up how the legislation works. Nothing could be more disastrous than areas desperately requiring regeneration having it taken away from them simply because a lot of business melts away, but that could well be the case.

I am lucky in that my part of central London has a thriving business sector, but there is no doubt that the problems affecting the retail sector as a whole might well impact on the west end. If secondary charges for various initiatives are levied on top of successful BIDs, it could well tip a number of businesses over the edge. The worst thing would be if vulnerable, small, independently owned and run businesses rather than the large-scale retailers went under. I hope that the Government will give some thought to that. If we look at the disadvantages stemming from the licensing regime over the past half decade, particularly since the Licensing Act 2003, we find that it is the small independent businesses that have proved most vulnerable.

I hope you will forgive me, Madam Deputy Speaker, if I focus the remainder of my brief comments this evening at a slightly more parochial level, as the provisions on prospective Crossrail developments, which my hon. Friend the Member for Ilford, North mentioned, may have a significant impact on central London.

The Business Rate Supplements Bill originates from the Lyons inquiry recommendation that local authorities should have greater flexibility, subject to certain safeguards, to raise revenue to invest in their local areas. I was unable to put the point to the Minister earlier, but the City already and uniquely has the ability to raise a supplementary business rate—reflecting the fact that in part it has a business franchise—so the notion is nothing new within the Square Mile. Given its long-standing support for the Crossrail project, the City's position is also understandably informed by the fact that the proceeds of the supplementary rate in the capital are earmarked for the construction of Crossrail. With that objective in view, the City supports the introduction of SBR in London at the Greater London authority level.

I understand the concerns expressed earlier by my hon. Friend the Member for Croydon, South (Richard Ottaway) and other Members representing the suburban areas that are unlikely to benefit to any significant or direct degree from Crossrail—that this will be seen as a template and that it will benefit only certain parts of a particular district. London is obviously a very large area of 650 or so square miles. Crossrail benefits are regarded as being of national importance in the same way as the Olympics, but there is little doubt that a number of these infrastructure projects will benefit certain areas rather than others. The right hon. Member

[Mr. Mark Field]

for Greenwich and Woolwich (Mr. Raynsford) made a robust defence not just of the Bill, but of the Crossrail project and spoke about the issue of additional stations. I am sure that he will appreciate, however, that a new station in north Woolwich will not be of much benefit to people who live in Hillingdon, Enfield or Croydon. Any Crossrail configuration will definitely go through my constituency and there will be great benefits, but we London Members need to appreciate the concerns that are felt elsewhere.

Mr. Raynsford: The hon. Gentleman will recall that I argued in an intervention—or perhaps in my speech—that Crossrail has conducted research showing that the project will bring economic benefits for all parts of London, not just those parts directly affected by it.

Mr. Field: I appreciate that, but I am sure that the right hon. Gentleman will also appreciate that some benefits will be more apparent, more direct and more extensive in certain parts of London in comparison with others—an inevitable consequence of living in a capital city. The issue is whether the Greater London authority rather than the boroughs provides the right way to implement the legislation. The exclusion of the City of London and the 32 London boroughs from those able to fund local development through an SBR highlights the importance of ensuring that the community infrastructure levy introduced by the Planning Act 2008, which can be levied at either the GLA or city-borough level, is available to fund genuinely local projects. The case for such a measure is further strengthened by the Mayor's proposed changes to the London plan. They will enable him to fund £300 million of his contribution to Crossrail from money obtained through the City and some of the boroughs via section 106 planning agreements made with developers in London's central activity zone.

The requirement in the Bill for the Mayor to consult the City, as with the London boroughs, on any proposal to impose an SBR is in my view welcome, but I also understand the concern that consultation in this context may not be enough; there needs to be a sense of consultation with a certain amount of teeth. I hope that the Bill will not include an entitlement for any of the London boroughs to propose projects to be supported by SBRs without there being a proper dialogue in developing ideas for those projects. Of course, this is not immediately relevant, given that in London the SBR will initially be used just to fund Crossrail, but the situation cannot continue indefinitely.

The Bill's formal consultation processes regarding who will pay for the supplementary business rate in London will also provide an opportunity to record business support for Crossrail. This support has been demonstrated by the substantial financial commitments made by BAA, to the tune of £230 million, and by the Canary Wharf Group, which has committed £150 million. The City Corporation has agreed to a direct contribution of some £200 million to Crossrail, and has guaranteed another £50 million from the further contribution of £150 million that it is trying to attract from businesses at large.

Although I have long had some reservations about the route that Crossrail takes, now that the hybrid Bill is on the statute book it is essential that we avoid delay, because a delay will only result in crippling planning blight for those businesses and individuals who would otherwise be affected by the work. There will be some very important medium-term benefits from Crossrail. The demand for some 14,000 jobs during its construction will be an important source of employment during what promises otherwise to be very difficult economic conditions here in the capital. However, it is also an important signal to the world at large about London's intention to invest for the longer term. Delay now would betray a lack of self-confidence in our capital in its role as a leading global city.

I want to finish on a practical note. The detailed provisions on the consultation process and the collection of the supplement suggest some significant complexities and additional expense for the billing authorities, including the City of London itself. We believe that the most practical way to collect the supplement would be together with the non-domestic rate, if that is what the Minister has in mind. I appreciate that this is likely to be discussed at a practical level in Committee, but I wanted to put on the record my concern, given the projected early introduction in London to satisfy the Crossrail financing requirements, that the administrative detail will need to be swiftly settled in order that the software can be adjusted in readiness for any such circumstances.

I regret that I will be joining my Front-Bench colleagues in opposing the Bill tonight because I am concerned that this is not the right time to put such legislation into place. There are some important practical issues that will need to be ironed out, assuming that the Bill gets a Second Reading and goes through to Committee. There are also some important issues of principle regarding such legislation, which I would not entirely oppose. This has been an important opportunity for us to discuss them, but we will no doubt do so in the months and years ahead if supplementary business rates become a part of the horizon affecting both businesses and local authorities in the future.

7.24 pm

Mr. Geoffrey Clifton-Brown (Cotswold) (Con): I am delighted to catch your eye in this debate, Madam Deputy Speaker. I had not intended to speak. I entered the Chamber this afternoon with a relatively open mind on this proposal, but the more that I listened to the debate, the more I realised that the Bill lacks adequate safeguards for businesses and the more I therefore realised that my Front-Bench colleagues are right to oppose it, for the reasons that I wish to outline.

The people of London have already been, or are likely to be, caned through increased council tax to pay for the Olympics, and it now seems that the businesses of London are to be caned through this mechanism to fund Crossrail. Before the right hon. Member for Greenwich and Woolwich (Mr. Raynsford) leaps up to intervene on me, I wish to say that I totally support Crossrail, but a fairer method of funding it—if the Government wish to do it that way—would be a supplemental increase in the uniform business rate so that all businesses throughout the country pay for it. As he and others have made perfectly clear, all businesses in London and businesses elsewhere in the country are likely to benefit from these measures, so why should they not all pay, rather than just a certain section of them?

There are a number of reasons why I oppose the Bill, but my hon. Friend the Member for Northampton, South (Mr. Binley) made the very powerful case that now is not the right time to introduce such a measure. The country is enduring negative growth and huge increases in unemployment, the rate of business failures is increasing alarmingly, and the rate of business output is decreasing alarmingly. Perhaps the most important reason is that given by the hon. Member for North Cornwall (Dan Rogerson): we have to remain internationally competitive. If we keep increasing bureaucracy and taxation on businesses, they will simply relocate away from these shores.

I have just come back from Hong Kong where there is a maximum corporation tax of 15 per cent., no capital gains tax, no inheritance tax and very low business rates. It is very easy to get money in and out of Hong Kong, and the tax returns are one page long. Let us compare that with the bureaucracy of this country and the huge increase in it that this proposal will engender. It is not just tax-raising problems that these proposals will engender; there is the whole bureaucracy connected with collection, which the local authorities will have to undertake. As my hon. Friend the Member for Cities of London and Westminster (Mr. Field) said in the closing moments of his speech, a whole new form of software will be required to collect these rates.

The Bill does not contain adequate safeguards. We all know what happened when the Conservative Government introduced the lottery. We were clearly told that it would be additional to normal Government expenditure and that in no way would it be used to supplement their tax-raising powers, expenditure on health or other normal expenditure. But what happened? This Government came along and started raiding the lottery for all sorts of purposes—health, education—that the lottery was never designed to pay for in the first place.

Clause 3 sets out clearly some purposes that the mechanism is not supposed to pay for: housing, social services, education services, services for children, health services and so on. The problem with the Bill is that it contains very wide order-making powers. My reading of it is that the Government would easily be able to alter those purposes by a simple statutory instrument discussed upstairs. Indeed, almost anything proposed in the Bill could be altered by a simple statutory instrument after an hour and a half's debate upstairs.

There is a second thing that I dislike about the Bill. Clause 4, entitled "Conditions for imposing a BRS", indicates that there is to be consultation on these proposals. One of the conditions is that a levying authority

"has consulted the relevant persons on the proposal".

Who are the "relevant persons"? Are they strictly businesses? Are they other organisations? In any case, this Government have made a new art form of consultation. We all know what happens when they consult on anything: they may take people's views but then they completely ignore them.

Let us take the example of the post offices in my constituency. Twelve post offices were proposed for closure. There was a huge number of demonstrations, public meetings and letters and much annoyance of every sort—and the Government took not one jot of notice. I warned when my ambulance trust was going to be merged that there would be problems. What did the Government do? They consulted—and proceeded with the proposal. There have been countless occasions when they have consulted on things and completely ignored that consultation, so the safeguard in the Bill is very scant.

Thirdly, there are other safeguards in the Bill. As has been mentioned by other Members, there is a 2p in the pound rateable value safeguard. There is a £50,000 safeguard—we believe—to be implemented. There are safeguards whereby a local authority can introduce transitional measures. Again, however, those can all be altered on a whim by a statutory instrument discussed upstairs. The Government must give an undertaking that those things will be constantly reviewed, because we all know what happens if monetary safeguards in a taxation regime are not upgraded from time to time—through fiscal drag the Government end up raising more money. For example, personal allowances, which were not increased for years under this Government, were, in effect, just an extra income tax that the Government were raising.

The most important aspect of this Bill is the lack of a mandatory ballot of all the affected businesses. That is what I object to most, because if the Government had confidence in their proposals—and they clearly do not—they would be perfectly happy to allow businesses to have a ballot. As I said in an intervention on my hon. Friend the Member for Bromley and Chislehurst (Robert Neill), the Government might be scared that businesses will block a proposal, but businesses will do so only when they consider it not to be in their interests. If they consider that improved infrastructure will improve their profits, they will want things to go ahead. The argument being made is incredibly weak, and I hope that my hon. Friends will address it in Committee—indeed, I have a forlorn hope that the Government may yet recant on this provision.

We can all remember the days when businesses without representation went bust under the old local business rates system. In Sheffield, business owners had to take the roofs off their factories so that they were not liable for the excessive local business rates that the Sheffield borough council wanted to raise. If we are not careful, we will go back to that system and we will simply put businesses out of business. I was not elected to this place to put businesses out of business; I was elected to help my constituents form businesses for this country, so that we can create the wealth to pay the tax to have the Government expenditure on the projects that we want.

I am extremely concerned about the lack of a ballot. The right hon. Member for Greenwich and Woolwich and I spent a great deal of time discussing business improvement districts in Committee when that system was introduced by the Local Government Act 2003. We discussed not only the fact that there needed to be a ballot, but the form of the ballot. I do not think it beyond the wit of man to see that we should do the same this time.

My fifth objection to the Bill is that although businesses will be sheltered—they may only have to pay up to a third before there is a ballot—they may well have to pay more than a third. That is a real worry, and it is only a third in the initial prospectus that would trigger the ballot. We all know what local authorities, and, indeed the Government, are like at managing large-scale

[Mr. Geoffrey Clifton-Brown]

infrastructure projects. They have a habit of spending far more than the initial budget, and in such circumstances the whole project could cost much more. I have no doubt that Crossrail will come in greatly over budget, because a host of problems will be encountered in its construction. For example, we know that burying just one 7 km bit of cable under the ground for the Olympics will cost a staggering £160 million. Huge costs and huge difficulties are involved, and even with the best will in the world and the best surveyors in the world those cannot be fully foreseen until the machines start to dig the necessary tunnels for Crossrail.

I have a great concern about how expenditure will be controlled. Much more than that, I am concerned about the Government's motive in all this. Once they have introduced this mechanism, I think they will start to say to every local authority in the land, "We're not paying for this large-scale infrastructure project. You pay for it, using the local rates supplementary mechanism." We might almost see an end to central Government funding of large-scale infrastructure projects, and that is what really worries me. We could find that such a situation became the norm, and that every authority that wanted a new road, railway, port or airport would be told that it must get its businesses to pay, because they were the ones going to benefit. We will simply find that, as happened under the old local business rates system, businesses will move away from those areas to where they know local authorities are cheaper—they are likely to be the Conservative-controlled ones.

I am greatly concerned about the Bill, because it is a Trojan horse being introduced not, as my hon. Friend the Member for Northampton, South said, by a new Labour Government but by an old Labour socialist Government who do not understand the needs of businesses. This Bill is taxation through the back door, and it is dishonest taxation because it does not provide for a proper ballot. I hope that my hon. Friends will oppose the Bill for all they are worth. If the Government do not provide the proper safeguards, I hope that when we get into government after the next election we will provide them, because I was elected to this House to represent the interests of my constituents and of business, so that this country flourishes and gets a bigger and bigger share of world trade, not a smaller and smaller share, as is happening at the moment.

7.35 pm

Mr. Mark Prisk (Hertford and Stortford) (Con): This has been an interesting, if somewhat short, debate, and it is a shame that only two Members from the Government party were able to join us this evening to contribute—I am sure that others might have been able to make a contribution. It is good to welcome the Ministers back to their places to be able to contribute at least to the end of the debate.

The Minister for Local Government, who has just returned, set out the case in his characteristically cautious, but always reasonable manner. He and I had the fortunate—or otherwise, depending on how one describes this—opportunity to debate stamp duty land tax at some length; I am pleased to say that I get out more often now. He showed his ability to do an extraordinary turn at heel when displaying new Labour doublespeak. He started off with the old gag that a power to tax is not a tax—I particularly enjoyed that. When asked why the Government were cutting a particular initiative, he told us that it was not a cut—they were merely building it into the rates system. He then surpassed himself, because just for a moment, when using the deadpan manner that he uses when telling something that he knows is palpably incorrect—perhaps I should put it that way—a glimmer appeared at the edge of his lips as he told us that this Prime Minister and this Government have at their heart the belief in decentralising power. We all know that the reality is somewhat different; I could use many words to describe the Prime Minister, but "decentralising" would not be one of them.

Business will be concerned that, when questioned, the Minister for Local Government refused to agree to ballots for all supplementary business rates. That is on the record, and businesses will note it. He also admitted when questioned that empty properties face an additional levy under this Bill, despite the impact that that could have at this time. Only Labour could charge 102 per cent. on empty business properties in a recession.

We subsequently heard an excellent contribution from my hon. Friend the Member for Bromley and Chislehurst (Robert Neill), who set out how the original principles have been lost in the Bill, how flexibility has been replaced with a rigid tax-raising scheme and how simplicity has been replaced with complexity. He also rightly spoke about the danger of removing ballots or not permitting ballots for all schemes. We want business and local authorities to work together, and the danger of this Bill is that it will merely divide those two camps. He also contrasted the words of the Prime Minister with the actions of his Government. This morning, the Prime Minister talked about jobs, yet this afternoon his Government are introducing a new tax on employers—we intend to highlight that contrast.

We heard an excellent and knowledgeable contribution from the right hon. Member for Greenwich and Woolwich (Mr. Raynsford), although it was somewhat short for him. At the beginning, he tried to pretend that the Conservatives are adamantly opposed to Crossrail, although he knows that to be untrue—I see him smiling on the Benches opposite. He was eloquent about the business improvement districts scheme—rightly so, for he introduced it. I differ with him in that I do not think that the scheme before us will engender that strengthened relationship between business and councils. I suspect that is where his argument falls down, but it was an excellent bid for a return to ministerial office, and we look forward to his coming to the Dispatch Box in due course.

The hon. Member for North Cornwall (Dan Rogerson), who speaks for the Liberal Democrats, set out why his party will support the Bill. I was intrigued by the fact that the position may conflict with that of his colleague, Lord Cotter, who speaks for the Liberal Democrats in the Lords:

> "It does not seem to be a good time to introduce an additional cost for businesses that are struggling to survive in a time of economic crisis."—[*Official Report, House of Lords*, 8 December 2008; Vol. 706, c. 22[illegible].]

I agree with the noble Lord, but I am disappointed that Liberal Democrat Members are confused.

We then had a wide-ranging contribution from the hon. Member for Newcastle-under-Lyme (Paul Farrelly), which was mostly about business rates arrears and an interesting press release that attacked the local council. I have no doubt that Ministers look forward to his contribution in Committee.

We then had four strong contributions from Conservative Members: my hon. Friends the Members for Northampton, South (Mr. Binley), for Ilford, North (Mr. Scott), for Cities of London and Westminster (Mr. Field) and for Cotswold (Mr. Clifton-Brown). My hon. Friend the Member for Northampton, South spoke with his characteristic passion. He gave us the full economic context—perhaps a little fuller than you liked, Madam Deputy Speaker. In the broad range of issues, he highlighted and rightly contrasted the way in which the Government say one thing and do another. I hope that he keeps banging that drum—I am sure that he will—in the weeks and months to come.

My hon. Friend the Member for Ilford, North spoke strongly in favour of Crossrail, which will benefit Ilford and much of east London. He also made a powerful point: consultation and ballots are not the same. I see the Minister nodding in agreement, and I hope that he will say so on the record.

My good and hon. Friend the Member for Cities of London and Westminster made, as expected, a knowledgeable contribution. He gave the history of how such infrastructure projects need to be funded, and the underlying dilemmas. He explained the difficulty of quantifying benefits for businesses and why the matter needs to be handled with such care. That is the line that we want to take.

Last, but by no means least, my hon. Friend the Member for Cotswold made a powerful contribution. Like me, he is a chartered surveyor, and he brought his knowledge of surveying to the debate, as well as a powerful exposition of the weakness of the Government's arguments. He highlighted the fact that many of the key elements are not in the Bill, but will be revealed later, dripping through the legislative system when we can challenge them only more weakly.

The core of this debate and the origin of the measure lie, as hon. Members have said, in the Lyons inquiry into local government finance. It highlighted the need for local authorities to have a more flexible way of raising supplemental revenue for local economic development. Several hon. Members pointed out that the inquiry emphasised that

> "local supplementary powers should be designed in a way which can gain credibility with business and the wider community."

That is where the Bill's weakness lies. The Government's White Paper followed in October 2007 and set out the key features of a new business rate supplement. They were to include a limit on the rate in the pound, the need for businesses to be balloted, although only in limited cases, and the exemption of businesses whose rateable value falls below £50,000. Those elements remain in the Bill.

Alongside that has been the need to progress the Crossrail scheme. Indeed, a business rate supplement in London will be used to part-finance the expected £16 billion cost of Crossrail. We welcome and support Crossrail, not least because it will enable us to link our capital's rail network and help to reduce the pressure on an already overcrowded tube network. However, it is not unreasonable for many London businesses to question the cost. After all, much of the revenue to be raised is likely to come from businesses in boroughs such as Westminster, the City and Hillingdon, where the specific benefit to each firm will be extremely difficult to show. There is evidence for direct and indirect benefits but hon. Members must understand that it is not wrong to raise those concerns, because those are the people who pay not just our salaries, but those of the public sector as a whole.

That leads me to one of the key points in this debate. Business rates have long been resented by firms because they are taxation without representation. That charge is raised from entities that do not have a vote. The owner may vote and the staff may vote, but the firm—the payer of the tax—has no vote. If businesses receive nothing specific in return, they understandably question the fairness of the levy. That is why changes to business rates must be handled carefully. The Lyons inquiry said that the rules covering business improvement districts, for example, have been credible to the business community, because they specifically require that a majority of the affected tax-paying businesses must agree to the additional charge. Conservative Members support that approach.

The Bill is fundamentally flawed because it seeks to permit a supplementary rate to be charged, but requires a ballot only in certain circumstances. Under clause 7, a ballot must be held only when the amount raised accounts for more than one third of the estimated costs. Councils may hold ballots in other circumstances, but they are not obliged to do so. That is the problem. There should be a vote on any proposed supplementary rate with no ifs or buts.

Issues arise about costs, not least the fact that they could range from £319 million a year to £600 million a year. It would help if the Minister clarified the basis on which those estimates were made. After all, they come at a difficult economic time when output is falling, unemployment is rising and the economy in this country is contracting faster than in any of our G7 competitor nations. The result is a squeeze on small businesses, which is why so many business organisations are worried about the measure. Perhaps the Minister will tell us how many jobs could be lost as a result of introducing the measure now. What is the Government's estimate of the number of jobs that will be affected by the extra charge?

The impact of the measure could be affected severely by the rates revaluation planned for next year. It will be based not on 2010 values, but on values at 1 April last year. Hon. Members will realise that that creates two serious problems. First, many firms will face big rises in rates bills, just when they can ill afford them. Secondly, the revaluation will push many firms that are below the £50,000 threshold into paying the new charge. Implementing the levy now will deliver a double whammy to many small and medium-sized firms. The question for us is, why is it right that in the next year those businesses must pay more on their main rates bills and more on their supplementary rates bill?

In conclusion, there is a case for businesses to contribute to infrastructure projects from which they benefit. Clearly, businesses throughout London will benefit from Crossrail and a radically improved rail service. However, the Bill is fundamentally flawed. A measure that should be flexible and accountable has been turned into a rigid tax rise that is needlessly complex and highly undemocratic. At a time of recession, it threatens not to help economic development but to burden hard-pressed employers. At

[Mr. Mark Prisk]

a time when firms need fewer regulations, it introduces more red tape. At a time when we should be encouraging councils and businesses to work together, the Bill threatens to divide them. For all those reasons, the Bill is a missed opportunity that businesses and their workers can ill afford.

7.48 pm

The Parliamentary Under-Secretary of State for Communities and Local Government (Mr. Sadiq Khan): I wish you a happy new year, Madam Deputy Speaker. I thank right hon. and hon. Members who have taken part in this interesting and lively debate.

I want to reiterate the purpose of the Bill, which seems to have been lost in hon. Members' rustiness in Second Reading debates. It is another tool for local authorities, and introduces a new power for county councils, unitary district councils and the Greater London Authority. It will provide them with a new way of investing in the economic development of local areas and of working closely with local businesses, and it will enable local authorities to invest in projects aimed at promoting economic development that they would otherwise not be able to invest in.

Let me be clear that if the Opposition are successful in defeating the Bill on Second Reading and the Bill does not pass into legislation or it is delayed, the London Mayor will simply not be able to levy a business rate supplement by April 2010 as he desires. I listened with interest as the hon. Member for Cities of London and Westminster (Mr. Field) said that a delay in passing the business rate supplement would show a lack of confidence in the City. He cannot have his cake and eat it. When it comes to voting on Second Reading, he will have to decide whether he wants the Crossrail investment, with the additional jobs that that will create and the improvements to London that it will lead to, or whether he wants to play party politics.

Robert Neill: Will the Minister give way?

Mr. Khan: The hon. Gentleman has had plenty of time to wind us all up; I would like to wind up the debate.

As my right hon. Friend the Minister for Local Government explained in his introduction, we are committed to doing what we can to help people through these tough times. At the same time, we need to look to the future and to prepare for the upturn in the economy. The business rate supplement should not be stalled by short-term concerns. The Bill does not propose a new duty on local authorities to levy a supplement. Instead, it provides a new discretionary power for local authorities to raise revenue to invest in local projects aimed at promoting economic development when the time is right. As the Bill is drafted, a business rate supplement will apply equally across the entire area on the basis that projects should benefit whole areas.

I shall now go on to address some of the points raised by hon. Members during the debate. The hon. Member for Bromley and Chislehurst (Robert Neill) moved the amendment and he had a lot of time over Christmas to think of it. It is a Christmas tree amendment. The only thing missing from it is the kitchen sink. He was his normal, amusing self and we hope that he keeps his job in the imminent reshuffle. I was not clear whether he was calling the Bill BRS or BS—I know that we think that it is an important Bill that will have many benefits.

My right hon. Friend the Member for Greenwich and Woolwich (Mr. Raynsford) did an excellent job of demolishing the points made by the hon. Member for Bromley and Chislehurst. My right hon. Friend also made a positive case for the BRS. Of course, he was the architect of business improvement districts. He explained why the BRS is an important complement to the BID scheme that he drafted, rather than an idea in conflict with that scheme. He showed the irrationality of the Conservative amendment and asked why Crossrail should get the BRS and not the rest of the country. That is the Mrs. Merton question. Why do the Conservatives support and want to help transport infrastructure in a city with a Tory Mayor and not in the rest of the country? The answer, of course, is obvious.

I thought, in a non-patronising way, that the hon. Member for North Cornwall (Dan Rogerson), who speaks on behalf of the Liberal Democrats, made a grown-up and sensible speech. It was very good—*[Interruption.]* May I add that I am not being patronising? He articulated the folly of a Member voting against giving the Bill a Second Reading if they are in favour of Crossrail. He made the point that if the Conservatives were successful—God forbid—in the vote tonight, there would be no business rate supplement and no Crossrail. He made the point that grown-up politicians would make any objections clear in Committee and would come back to them on Report and on Third Reading.

Let me answer the hon. Gentleman's specific point about having an element of the uniform business rate subject to local control. The Lyons inquiry, to which he alluded, considered the case for returning business rates to local control. Its analysis was that that would not be appropriate at this time. Instead, it recommended introducing a new local power to set a supplement on the current business structure, and that is what we are doing with the Bill.

My hon. Friend the Member for Newcastle-under-Lyme (Paul Farrelly) made an interesting contribution to the debate. He talked about the benefits of a business rate supplement outside London and also articulated some of the problems with the current system. He is hoping that a business rate supplement will alleviate some of the problems that he articulated. He referred to the recent problems with Waterford Wedgwood, which I think happened in the constituency of my hon. Friend the Member for Stoke-on-Trent, Central (Mark Fisher), and to how the BRS could be a tool for local government to help infrastructure in various parts of the country.

I come now to the comments of the hon. Member for Northampton, South (Mr. Binley)—where do I begin? His speech was a 32-minute tour de force. It was a speech that was interesting. He referred to the fact that he had spent two and a half years considering a Bill on Crossrail. If he supports his party in voting against Second Reading tonight and succeeds, those two and a half years will have been wasted. Crossrail simply cannot happen within the necessary time scales unless we get the scheme on the road. He made the point that his local Indian restaurants would suffer if the Bill were passed—I am not sure why. He will be aware that 91 per cent. of businesses around the country will not be affected, but if he has any particular problems and if any local restaurants suffer, I would be happy to visit his constituency, to visit the restaurant, to have a meal and to deal with the points that might be raised. I am not sure whether to say that I look forward to his being a member of the Public Bill Committee and to our having a ding-dong in Committee.

The hon. Member for Ilford, North (Mr. Scott) made a good speech. He explained that he was in favour of Crossrail. Once again, he will need to decide whether he can have his cake and eat it. If he votes against Second Reading, he cannot be in favour of Crossrail. He spoke in favour of BIDs and he will be aware that, as we were reminded, his party opposed BIDs when they were first introduced. I look forward to his being a member of the Public Bill Committee.

The hon. Member for Cities of London and Westminster, who should have declared an interest as a huge beneficiary of the Bill, has a problem. In one breath, he talked about this being a less opportune time for a business rate supplement, but he went on to say that, if there was a delay, that would send the wrong signal to businesses and show a lack of confidence in the City. He cannot have it both ways. If he wants Crossrail to happen and wants London to benefit from it, he needs to decide which way he is going to vote tonight.

Mr. Mark Field: It is only fair to point out that the business rate element for Crossrail plays only a very small part in the entire funding of the scheme. It would be wrong to suggest that having concerns about the legislation is somehow entirely at odds with supporting Crossrail—*[Interruption.]* It is pretty disingenuous of the Government to suggest that. A very small proportion of the overall funding for Crossrail as a whole will come from this legislation. Much of it will come from a number of other sources and not least from central Government. *[Interruption.]*

Mr. Khan *rose*—*[Interruption.]*

Madam Deputy Speaker (Sylvia Heal): Order. Will Members who have recently joined the debate please keep the level of conversation down?

Mr. Khan: The hon. Member for Cities of London and Westminster speaks regularly to the Mayor of London. I cannot copy the Mayor's accent but he says that revenue helps to secure borrowing, and the hon. Gentleman should be aware of that important point as the MP representing an area that covers the City of London.

The hon. Member for Cotswold (Mr. Clifton-Brown) made a suggestion that I really hope is taken up by his Front-Bench colleagues. He said that the whole country should pay the levy for Crossrail, and not just London businesses. Should that become Conservative policy, I look forward to visiting the constituencies of his hon. Friends to see whether they are in favour of it.

The hon. Gentleman compared the UK to Hong Kong, which I found slightly surprising. He also put forward conspiracy theories about the Government's motives in making our proposals.

Mr. Clifton-Brown: Will the Minister give way?

Mr. Khan: The hon. Gentleman has had plenty of time; in fact, he spoke for longer than I shall.

Let us be clear. The choice is straightforward: you can vote against Second Reading, as Her Majesty's official Opposition want us to do, or you can support investment in businesses up and down the UK. You can support a Bill that will be part of a package of measures to help economic growth, or you can vote against it and propose unworkable amendments. You can be optimistic—

Madam Deputy Speaker: Order. I think the hon. Gentleman is referring to the fact that Members can vote. I am not in the position of being able to vote one way or the other.

Mr. Khan: I am hoping that we will not need your vote tonight, Madam Deputy Speaker.

Members have a choice: they can vote in favour of optimism and helping businesses and communities to prepare for an upturn or they can vote for fatalism. Accordingly, I ask the House to support the Second Reading of the Bill and oppose the Opposition amendment.

Question put, That the amendment be made.

The House proceeded to a Division.

Madam Deputy Speaker: I ask the Serjeant at Arms to investigate the delay in the Aye Lobby.

The House having divided: Ayes 159, Noes 327.

Division No. 11] **[8 pm**

AYES

Afriyie, Adam
Amess, Mr. David
Ancram, rh Mr. Michael
Bacon, Mr. Richard
Baldry, Tony
Barker, Gregory
Bellingham, Mr. Henry
Benyon, Mr. Richard
Beresford, Sir Paul
Binley, Mr. Brian
Blunt, Mr. Crispin
Bone, Mr. Peter
Boswell, Mr. Tim
Bottomley, Peter
Brady, Mr. Graham
Brazier, Mr. Julian
Browning, Angela
Burns, Mr. Simon
Burrowes, Mr. David
Burt, Alistair
Butterfill, Sir John
Carswell, Mr. Douglas
Cash, Mr. William
Clappison, Mr. James
Clark, Greg
Clifton-Brown, Mr. Geoffrey
Cormack, Sir Patrick
Cox, Mr. Geoffrey
Crabb, Mr. Stephen
Curry, rh Mr. David
Davies, Philip
Davis, rh David
Djanogly, Mr. Jonathan
Dorries, Mrs. Nadine
Duddridge, James
Duncan, Alan
Duncan Smith, rh Mr. Iain
Ellwood, Mr. Tobias
Evans, Mr. Nigel
Fabricant, Michael
Fallon, Mr. Michael
Field, Mr. Mark
Fox, Dr. Liam
Francois, Mr. Mark
Fraser, Christopher
Gale, Mr. Roger
Garnier, Mr. Edward
Gauke, Mr. David
Goodman, Mr. Paul
Goodwill, Mr. Robert
Gray, Mr. James
Grayling, Chris
Green, Damian
Greening, Justine
Greenway, Mr. John
Grieve, Mr. Dominic
Hague, rh Mr. William
Hammond, Stephen
Hands, Mr. Greg
Harper, Mr. Mark
Hayes, Mr. John
Heald, Mr. Oliver
Hendry, Charles
Herbert, Nick
Hoban, Mr. Mark
Hollobone, Mr. Philip
Holloway, Mr. Adam
Howard, rh Mr. Michael
Howarth, Mr. Gerald
Howell, John
Hunt, Mr. Jeremy
Hurd, Mr. Nick

Jack, rh Mr. Michael
Jackson, Mr. Stewart
Jenkin, Mr. Bernard
Jones, Mr. David
Kawczynski, Daniel
Kay, Robert
Kirkbride, Miss Julie
Knight, rh Mr. Greg
Laing, Mrs. Eleanor
Lait, Mrs. Jacqui
Lancaster, Mr. Mark
Lansley, Mr. Andrew
Letwin, rh Mr. Oliver
Liddell-Grainger, Mr. Ian
Lidington, Mr. David
Lilley, rh Mr. Peter
Llwyd, Mr. Elfyn
Loughton, Tim
Luff, Peter
Mackay, rh Mr. Andrew
Maclean, rh David
Main, Anne
Malins, Mr. Humfrey
Maples, Mr. John
May, rh Mrs. Theresa
McIntosh, Miss Anne
McLoughlin, rh Mr. Patrick
Mercer, Patrick
Miller, Mrs. Maria
Milton, Anne
Mitchell, Mr. Andrew
Murrison, Dr. Andrew
Neill, Robert
Newmark, Mr. Brooks
O'Brien, Mr. Stephen
Osborne, Mr. George
Ottaway, Richard
Paterson, Mr. Owen
Pelling, Mr. Andrew
Penning, Mike
Penrose, John
Pickles, Mr. Eric
Prisk, Mr. Mark
Randall, Mr. John
Redwood, rh Mr. John
Rifkind, rh Sir Malcolm
Robathan, Mr. Andrew
Robertson, Hugh
Robertson, Mr. Laurence
Rosindell, Andrew
Ruffley, Mr. David
Scott, Mr. Lee
Selous, Andrew
Shepherd, Mr. Richard
Simmonds, Mark
Simpson, Mr. Keith
Soames, Mr. Nicholas
Spelman, Mrs. Caroline
Spink, Bob
Spring, Mr. Richard
Steen, Mr. Anthony
Streeter, Mr. Gary
Stuart, Mr. Graham
Swayne, Mr. Desmond
Swire, Mr. Hugo
Syms, Mr. Robert
Taylor, Mr. Ian
Taylor, Dr. Richard
Timpson, Mr. Edward
Tredinnick, David
Turner, Mr. Andrew
Tyrie, Mr. Andrew
Vara, Mr. Shailesh
Viggers, Sir Peter
Villiers, Mrs. Theresa
Walker, Mr. Charles
Wallace, Mr. Ben
Waterson, Mr. Nigel
Watkinson, Angela
Whittingdale, Mr. John
Widdecombe, rh Miss Ann
Wiggin, Bill
Willetts, Mr. David
Wilson, Mr. Rob
Winterton, Ann
Winterton, Sir Nicholas
Wright, Jeremy
Young, rh Sir George

Tellers for the Ayes:
Mr. John Baron and
Mr. Philip Dunne

NOES

Abbott, Ms Diane
Ainger, Nick
Ainsworth, rh Mr. Bob
Alexander, Danny
Allen, Mr. Graham
Anderson, Mr. David
Anderson, Janet
Armstrong, rh Hilary
Atkins, Charlotte
Austin, Mr. Ian
Austin, John
Baird, Vera
Balls, rh Ed
Banks, Gordon
Barlow, Ms Celia
Barron, rh Mr. Kevin
Battle, rh John
Bayley, Hugh
Beckett, rh Margaret
Begg, Miss Anne
Beith, rh Sir Alan
Bell, Sir Stuart
Benn, rh Hilary
Betts, Mr. Clive
Blackman, Liz
Blackman-Woods, Dr. Roberta
Blears, rh Hazel
Blizzard, Mr. Bob
Blunkett, rh Mr. David
Borrow, Mr. David S.
Bradshaw, Mr. Ben
Brennan, Kevin
Brooke, Annette
Brown, Lyn
Brown, rh Mr. Nicholas
Brown, Mr. Russell
Browne, rh Des
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burgon, Colin
Burstow, Mr. Paul
Butler, Ms Dawn
Byrne, rh Mr. Liam
Caborn, rh Mr. Richard
Cairns, David
Campbell, Mr. Alan
Campbell, rh Sir Menzies
Campbell, Mr. Ronnie
Carmichael, Mr. Alistair
Caton, Mr. Martin
Cawsey, Mr. Ian
Challen, Colin
Chapman, Ben
Chaytor, Mr. David
Clark, Ms Katy
Clark, Paul
Clarke, rh Mr. Charles
Clegg, rh Mr. Nick
Clelland, Mr. David
Coaker, Mr. Vernon
Coffey, Ann
Cohen, Harry
Connarty, Michael
Cooper, Rosie
Cooper, rh Yvette
Cousins, Jim
Crausby, Mr. David
Cruddas, Jon
Cryer, Mrs. Ann
Cummings, John
Cunningham, Mr. Jim
Cunningham, Tony
Davey, Mr. Edward
David, Mr. Wayne
Davidson, Mr. Ian
Davies, Mr. Dai
Davies, Mr. Quentin
Dean, Mrs. Janet
Denham, rh Mr. John
Devine, Mr. Jim
Dhanda, Mr. Parmjit
Dismore, Mr. Andrew
Dobbin, Jim
Dobson, rh Frank
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Dowd, Jim
Drew, Mr. David
Eagle, Angela
Eagle, Maria
Efford, Clive
Ellman, Mrs. Louise
Engel, Natascha
Ennis, Jeff
Etherington, Bill
Farrelly, Paul
Featherstone, Lynne
Field, rh Mr. Frank
Fisher, Mark
Flello, Mr. Robert
Flint, rh Caroline
Flynn, Paul
Follett, Barbara
Foster, Mr. Don
Foster, Mr. Michael
(Worcester)
Francis, Dr. Hywel
Gapes, Mike
George, Andrew
George, rh Mr. Bruce
Gerrard, Mr. Neil
Gibson, Dr. Ian
Gilroy, Linda
Godsiff, Mr. Roger
Goldsworthy, Julia
Goodman, Helen
Griffith, Nia
Griffiths, Nigel
Grogan, Mr. John
Gwynne, Andrew
Hain, rh Mr. Peter
Hall, Mr. Mike
Hancock, Mr. Mike
Hanson, rh Mr. David
Harman, rh Ms Harriet
Harris, Dr. Evan
Harris, Mr. Tom
Harvey, Nick
Havard, Mr. Dai
Healey, rh John
Heath, Mr. David
Hemming, John
Henderson, Mr. Doug
Hendrick, Mr. Mark
Hepburn, Mr. Stephen
Heppell, Mr. John
Hesford, Stephen
Hewitt, rh Ms Patricia
Heyes, David
Hill, rh Keith
Hillier, Meg
Hodgson, Mrs. Sharon
Hoey, Kate
Hope, Phil
Hopkins, Kelvin
Howarth, David
Howarth, rh Mr. George
Howells, Dr. Kim
Hoyle, Mr. Lindsay
Hughes, rh Beverley
Huhne, Chris
Humble, Mrs. Joan
Hutton, rh Mr. John
Iddon, Dr. Brian
Ingram, rh Mr. Adam
Irranca-Davies, Huw
James, Mrs. Siân C.
Jenkins, Mr. Brian
Johnson, rh Alan
Johnson, Ms Diana R.
Jones, Helen
Jones, Mr. Kevan
Jones, Lynne
Jones, Mr. Martyn
Jowell, rh Tessa
Joyce, Mr. Eric
Kaufman, rh Sir Gerald
Keeble, Ms Sally
Keen, Alan
Keen, Ann
Kelly, rh Ruth
Kemp, Mr. Fraser
Kennedy, rh Jane
Khan, Mr. Sadiq
Kidney, Mr. David
Kilfoyle, Mr. Peter
Knight, rh Jim
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lamb, Norman
Lammy, rh Mr. David
Laws, Mr. David
Laxton, Mr. Bob
Lazarowicz, Mark
Lepper, David
Levitt, Tom
Lewis, Mr. Ivan
Linton, Martin
Lloyd, Tony

Love, Mr. Andrew
Lucas, Ian
MacShane, rh Mr. Denis
Mactaggart, Fiona
Malik, Mr. Shahid
Mallaber, Judy
Mann, John
Marris, Rob
Marsden, Mr. Gordon
Martlew, Mr. Eric
McAvoy, rh Mr. Thomas
McCafferty, Chris
McCarthy, Kerry
McCarthy-Fry, Sarah
McCartney, rh Mr. Ian
McDonagh, Siobhain
McFadden, rh Mr. Pat
McFall, rh John
McGuire, rh Mrs. Anne
McIsaac, Shona
McKechin, Ann
McKenna, Rosemary
McNulty, rh Mr. Tony
Meale, Mr. Alan
Merron, Gillian
Michael, rh Alun
Miller, Andrew
Mitchell, Mr. Austin
Moffat, Anne
Moffatt, Laura
Mole, Chris
Moon, Mrs. Madeleine
Moore, Mr. Michael
Morgan, Julie
Mullin, Mr. Chris
Munn, Meg
Murphy, Mr. Denis
Murphy, rh Mr. Jim
Murphy, rh Mr. Paul
Naysmith, Dr. Doug
Norris, Dan
O'Brien, Mr. Mike
O'Hara, Mr. Edward
Olner, Mr. Bill
Owen, Albert
Palmer, Dr. Nick
Pearson, Ian
Plaskitt, Mr. James
Pope, Mr. Greg
Prentice, Bridget
Prentice, Mr. Gordon
Prescott, rh Mr. John
Primarolo, rh Dawn
Prosser, Gwyn
Purnell, rh James
Rammell, Bill
Raynsford, rh Mr. Nick
Reed, Mr. Andy
Reed, Mr. Jamie
Reid, rh John
Rennie, Willie
Riordan, Mrs. Linda
Robertson, John
Robinson, Mr. Geoffrey
Rogerson, Dan
Rooney, Mr. Terry
Rowen, Paul
Roy, Lindsay
Ruane, Chris
Ruddock, Joan
Russell, Bob
Russell, Christine
Ryan, rh Joan
Salter, Martin
Sanders, Mr. Adrian
Sarwar, Mr. Mohammad
Seabeck, Alison
Sharma, Mr. Virendra
Shaw, Jonathan
Sheerman, Mr. Barry
Sheridan, Jim
Simon, Mr. Siôn
Singh, Mr. Marsha
Skinner, Mr. Dennis
Slaughter, Mr. Andy
Smith, rh Mr. Andrew
Smith, Ms Angela C.
(Sheffield, Hillsborough)
Smith, Angela E. (Basildon)
Smith, Geraldine
Smith, rh Jacqui
Smith, John
Smith, Sir Robert
Soulsby, Sir Peter
Southworth, Helen
Spellar, rh Mr. John
Starkey, Dr. Phyllis
Stewart, Ian
Strang, rh Dr. Gavin
Straw, rh Mr. Jack
Stringer, Graham
Stunell, Andrew
Sutcliffe, Mr. Gerry
Taylor, Ms Dari
Taylor, David
Thornberry, Emily
Timms, rh Mr. Stephen
Tipping, Paddy
Todd, Mr. Mark
Touhig, rh Mr. Don
Trickett, Jon
Truswell, Mr. Paul
Turner, Dr. Desmond
Usher, Kitty
Vis, Dr. Rudi
Walley, Joan
Waltho, Lynda
Ward, Claire
Watts, Mr. Dave
Webb, Steve
Whitehead, Dr. Alan
Wicks, rh Malcolm
Williams, rh Mr. Alan
Williams, Mrs. Betty
Williams, Mr. Roger
Willott, Jenny
Wills, rh Mr. Michael
Wilson, Phil
Winnick, Mr. David
Winterton, rh Ms Rosie
Woodward, rh Mr. Shaun
Woolas, Mr. Phil
Wright, Mr. Anthony
Wright, David
Wright, Mr. Iain
Wright, Dr. Tony
Wyatt, Derek
Younger-Ross, Richard

Tellers for the Noes:
Mr. Frank Roy and
Barbara Keeley

Question accordingly negatived.

Question put forthwith (Standing Order No. 62(2)).

That the Bill be now read a Second time.

Question agreed to.

Bill accordingly read a Second time.

BUSINESS RATE SUPPLEMENTS BILL (PROGRAMME)

Motion made, and Question put forthwith (Standing Order No. 83A),

That the following provisions shall apply to the Business Rate Supplements Bill:

Committal

1. The Bill shall be committed to a Public Bill Committee.

Proceedings in Public Bill Committee

2. Proceedings in the Public Bill Committee shall (so far as not previously concluded) be brought to a conclusion on Tuesday 3 February 2009.

3. The Public Bill Committee shall have leave to sit twice on the first day on which it meets.

Consideration and Third Reading

4. Proceedings on consideration shall (so far as not previously concluded) be brought to a conclusion one hour before the moment of interruption on the day on which those proceedings are commenced.

5. Proceedings on Third Reading shall (so far as not previously concluded) be brought to a conclusion at the moment of interruption on that day.

6. Standing Order No. 83B (Programming committees) shall not apply to proceedings on consideration and Third Reading.

Other proceedings

Any other proceedings on the Bill (including any proceedings on consideration of Lords Amendments or on any further messages from the Lords) may be programmed.—*(Hazel Blears.)*

The House divided: Ayes 292, Noes 199.

Division No. 12] **[8.18 pm**

AYES

Abbott, Ms Diane
Ainger, Nick
Ainsworth, rh Mr. Bob
Allen, Mr. Graham
Anderson, Mr. David
Anderson, Janet
Armstrong, rh Hilary
Atkins, Charlotte
Austin, Mr. Ian
Austin, John
Baird, Vera
Balls, rh Ed
Banks, Gordon
Barlow, Ms Celia
Barron, rh Mr. Kevin
Battle, rh John
Bayley, Hugh
Beckett, rh Margaret
Begg, Miss Anne
Bell, Sir Stuart
Benn, rh Hilary
Betts, Mr. Clive
Blackman, Liz
Blackman-Woods, Dr. Roberta
Blears, rh Hazel
Blizzard, Mr. Bob
Blunkett, rh Mr. David
Borrow, Mr. David S.
Bradshaw, Mr. Ben
Brennan, Kevin
Brown, Lyn
Brown, rh Mr. Nicholas
Brown, Mr. Russell
Browne, rh Des
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burgon, Colin
Burnham, rh Andy
Butler, Ms Dawn
Byrne, rh Mr. Liam
Caborn, rh Mr. Richard
Cairns, David
Campbell, Mr. Alan
Campbell, Mr. Ronnie
Caton, Mr. Martin
Cawsey, Mr. Ian
Challen, Colin
Chapman, Ben
Chaytor, Mr. David
Clark, Ms Katy
Clark, Paul
Clarke, rh Mr. Charles
Clelland, Mr. David
Coaker, Mr. Vernon
Coffey, Ann

Cohen, Harry
Connarty, Michael
Cooper, Rosie
Cooper, rh Yvette
Cousins, Jim
Crausby, Mr. David
Cruddas, Jon
Cryer, Mrs. Ann
Cummings, John
Cunningham, Mr. Jim
Cunningham, Tony
David, Mr. Wayne
Davidson, Mr. Ian
Davies, Mr. Quentin
Dean, Mrs. Janet
Devine, Mr. Jim
Dhanda, Mr. Parmjit
Dismore, Mr. Andrew
Dobbin, Jim
Dobson, rh Frank
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Dowd, Jim
Drew, Mr. David
Eagle, Angela
Eagle, Maria
Efford, Clive
Ellman, Mrs. Louise
Engel, Natascha
Ennis, Jeff
Etherington, Bill
Farrelly, Paul
Field, rh Mr. Frank
Fisher, Mark
Flello, Mr. Robert
Flint, rh Caroline
Flynn, Paul
Follett, Barbara
Foster, Mr. Michael
(Worcester)
Francis, Dr. Hywel
Gapes, Mike
George, rh Mr. Bruce
Gerrard, Mr. Neil
Gibson, Dr. Ian
Gilroy, Linda
Godsiff, Mr. Roger
Goodman, Helen
Griffith, Nia
Griffiths, Nigel
Grogan, Mr. John
Gwynne, Andrew
Hain, rh Mr. Peter
Hall, Mr. Mike
Hanson, rh Mr. David
Harman, rh Ms Harriet
Harris, Mr. Tom
Havard, Mr. Dai
Healey, rh John
Hendrick, Mr. Mark
Hepburn, Mr. Stephen
Heppell, Mr. John
Hesford, Stephen
Hewitt, rh Ms Patricia
Heyes, David
Hill, rh Keith
Hillier, Meg
Hodgson, Mrs. Sharon
Hoey, Kate
Hope, Phil
Hopkins, Kelvin
Howarth, rh Mr. George
Howells, Dr. Kim
Hoyle, Mr. Lindsay
Hughes, rh Beverley
Humble, Mrs. Joan
Hutton, rh Mr. John
Iddon, Dr. Brian
Ingram, rh Mr. Adam
Irranca-Davies, Huw
James, Mrs. Siân C.
Jenkins, Mr. Brian
Johnson, rh Alan
Johnson, Ms Diana R.
Jones, Helen
Jones, Mr. Kevan
Jones, Lynne
Jones, Mr. Martyn
Jowell, rh Tessa
Joyce, Mr. Eric
Kaufman, rh Sir Gerald
Keeble, Ms Sally
Keen, Alan
Keen, Ann
Kelly, rh Ruth
Kemp, Mr. Fraser
Kennedy, rh Jane
Khan, Mr. Sadiq
Kidney, Mr. David
Kilfoyle, Mr. Peter
Knight, rh Jim
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lammy, rh Mr. David
Laxton, Mr. Bob
Lazarowicz, Mark
Lepper, David
Levitt, Tom
Lewis, Mr. Ivan
Linton, Martin
Lloyd, Tony
Love, Mr. Andrew
Lucas, Ian
MacShane, rh Mr. Denis
Mactaggart, Fiona
Malik, Mr. Shahid
Mallaber, Judy
Mann, John
Marris, Rob
Marsden, Mr. Gordon
Martlew, Mr. Eric
McAvoy, rh Mr. Thomas
McCafferty, Chris
McCarthy, Kerry
McCarthy-Fry, Sarah
McCartney, rh Mr. Ian
McDonagh, Siobhain
McFadden, rh Mr. Pat
McFall, rh John
McGuire, rh Mrs. Anne
McIsaac, Shona
McKechin, Ann
McKenna, Rosemary
McNulty, rh Mr. Tony
Meale, Mr. Alan
Merron, Gillian
Michael, rh Alun
Miller, Andrew
Mitchell, Mr. Austin
Moffat, Anne
Moffatt, Laura
Mole, Chris
Moon, Mrs. Madeleine
Morgan, Julie
Mullin, Mr. Chris
Munn, Meg
Murphy, Mr. Denis
Murphy, rh Mr. Jim
Murphy, rh Mr. Paul
Naysmith, Dr. Doug
Norris, Dan
O'Brien, Mr. Mike
O'Hara, Mr. Edward
Olner, Mr. Bill
Owen, Albert
Palmer, Dr. Nick
Pearson, Ian
Plaskitt, Mr. James
Pope, Mr. Greg
Prentice, Bridget
Prentice, Mr. Gordon
Prescott, rh Mr. John
Primarolo, rh Dawn
Prosser, Gwyn
Purnell, rh James
Rammell, Bill
Raynsford, rh Mr. Nick
Reed, Mr. Andy
Reed, Mr. Jamie
Reid, rh John
Riordan, Mrs. Linda
Robertson, John
Robinson, Mr. Geoffrey
Rooney, Mr. Terry
Roy, Lindsay
Ruane, Chris
Ruddock, Joan
Russell, Christine
Ryan, rh Joan
Salter, Martin
Sarwar, Mr. Mohammad
Seabeck, Alison
Sharma, Mr. Virendra
Shaw, Jonathan
Sheerman, Mr. Barry
Sheridan, Jim
Simon, Mr. Siôn
Singh, Mr. Marsha
Skinner, Mr. Dennis
Slaughter, Mr. Andy
Smith, rh Mr. Andrew
Smith, Ms Angela C.
(Sheffield, Hillsborough)
Smith, Angela E. *(Basildon)*
Smith, Geraldine
Smith, rh Jacqui
Smith, John
Soulsby, Sir Peter
Southworth, Helen
Spellar, rh Mr. John
Starkey, Dr. Phyllis
Stewart, Ian
Strang, rh Dr. Gavin
Straw, rh Mr. Jack
Stringer, Graham
Sutcliffe, Mr. Gerry
Taylor, Ms Dari
Taylor, David
Thornberry, Emily
Timms, rh Mr. Stephen
Tipping, Paddy
Todd, Mr. Mark
Touhig, rh Mr. Don
Trickett, Jon
Truswell, Mr. Paul
Turner, Dr. Desmond
Twigg, Derek
Ussher, Kitty
Vis, Dr. Rudi
Walley, Joan
Waltho, Lynda
Ward, Claire
Watts, Mr. Dave
Whitehead, Dr. Alan
Wicks, rh Malcolm
Williams, rh Mr. Alan
Williams, Mrs. Betty
Wills, rh Mr. Michael
Wilson, Phil
Winnick, Mr. David
Winterton, rh Ms Rosie
Woodward, rh Mr. Shaun
Woolas, Mr. Phil
Wright, Mr. Anthony
Wright, David
Wright, Mr. Iain
Wright, Dr. Tony
Wyatt, Derek

Tellers for the Ayes:
Mr. Frank Roy and
Barbara Keeley

NOES

Afriyie, Adam
Alexander, Danny
Amess, Mr. David
Ancram, rh Mr. Michael
Bacon, Mr. Richard
Baldry, Tony
Barker, Gregory
Beith, rh Sir Alan
Bellingham, Mr. Henry
Benyon, Mr. Richard
Bercow, John
Beresford, Sir Paul
Binley, Mr. Brian
Blunt, Mr. Crispin
Bone, Mr. Peter
Boswell, Mr. Tim
Bottomley, Peter
Brady, Mr. Graham
Brazier, Mr. Julian
Brooke, Annette
Browne, Mr. Jeremy
Browning, Angela
Burns, Mr. Simon
Burrowes, Mr. David
Burstow, Mr. Paul
Burt, Alistair
Butterfill, Sir John
Campbell, rh Sir Menzies
Carmichael, Mr. Alistair
Carswell, Mr. Douglas
Cash, Mr. William
Clappison, Mr. James
Clark, Greg
Clegg, rh Mr. Nick
Clifton-Brown, Mr. Geoffrey
Cormack, Sir Patrick
Cox, Mr. Geoffrey
Crabb Mr. Stephen
Curry, rh Mr. David
Davey, Mr. Edward

Davies, Mr. Dai
Davies, Philip
Davis, rh David
Djanogly, Mr. Jonathan
Dorries, Mrs. Nadine
Duddridge, James
Duncan, Alan
Duncan Smith, rh Mr. Iain
Ellwood, Mr. Tobias
Evans, Mr. Nigel
Fabricant, Michael
Fallon, Mr. Michael
Featherstone, Lynne
Field, Mr. Mark
Foster, Mr. Don
Fox, Dr. Liam
Francois, Mr. Mark
Fraser, Christopher
Gale, Mr. Roger
Garnier, Mr. Edward
Gauke, Mr. David
George, Andrew
Gidley, Sandra
Goldsworthy, Julia
Goodman, Mr. Paul
Goodwill, Mr. Robert
Gray, Mr. James
Grayling, Chris
Green, Damian
Greening, Justine
Greenway, Mr. John
Grieve, Mr. Dominic
Hague, rh Mr. William
Hammond, Stephen
Hancock, Mr. Mike
Hands, Mr. Greg
Harper, Mr. Mark
Harris, Dr. Evan
Harvey, Nick
Hayes, Mr. John
Heald, Mr. Oliver
Heath, Mr. David
Hemming, John
Hendry, Charles
Herbert, Nick
Hoban, Mr. Mark
Hollobone, Mr. Philip
Holloway, Mr. Adam
Howard, rh Mr. Michael
Howarth, David
Howarth, Mr. Gerald
Howell, John
Huhne, Chris
Hunt, Mr. Jeremy
Hurd, Mr. Nick
Jack, rh Mr. Michael
Jackson, Mr. Stewart
Jenkin, Mr. Bernard
Jones, Mr. David
Kawczynski, Daniel
Key, Robert
Kirkbride, Miss Julie
Knight, rh Mr. Greg
Laing, Mrs. Eleanor
Lait, Mrs. Jacqui
Lamb, Norman
Lancaster, Mr. Mark
Lansley, Mr. Andrew
Laws, Mr. David
Letwin, rh Mr. Oliver
Liddell-Grainger, Mr. Ian
Lidington, Mr. David
Lilley, rh Mr. Peter
Llwyd, Mr. Elfyn
Loughton, Tim
Luff, Peter
Mackay, rh Mr. Andrew
Maclean, rh David
Main, Anne
Malins, Mr. Humfrey
Maples, Mr. John
May, rh Mrs. Theresa
McIntosh, Miss Anne
McLoughlin, rh Mr. Patrick
Mercer, Patrick
Miller, Mrs. Maria
Milton, Anne
Mitchell, Mr. Andrew
Moore, Mr. Michael
Murrison, Dr. Andrew
Neill, Robert
Newmark, Mr. Brooks
O'Brien, Mr. Stephen
Osborne, Mr. George
Ottaway, Richard
Paterson, Mr. Owen
Pelling, Mr. Andrew
Penning, Mike
Penrose, John
Pickles, Mr. Eric
Prisk, Mr. Mark
Randall, Mr. John
Redwood, rh Mr. John
Rennie, Willie
Rifkind, rh Sir Malcolm
Robathan, Mr. Andrew
Robertson, Hugh
Robertson, Mr. Laurence
Rogerson, Dan
Rosindell, Andrew
Rowen, Paul
Ruffley, Mr. David
Russell, Bob
Sanders, Mr. Adrian
Scott, Mr. Lee
Selous, Andrew
Shepherd, Mr. Richard
Simmonds, Mark
Simpson, Mr. Keith
Smith, Sir Robert
Soames, Mr. Nicholas
Spelman, Mrs. Caroline
Spink, Bob
Spring, Mr. Richard
Steen, Mr. Anthony
Streeter, Mr. Gary
Stuart, Mr. Graham
Stunell, Andrew
Swayne, Mr. Desmond
Swire, Mr. Hugo
Syms, Mr. Robert
Taylor, Mr. Ian
Taylor, Dr. Richard
Timpson, Mr. Edward
Tredinnick, David
Turner, Mr. Andrew
Tyrie, Mr. Andrew
Vaizey, Mr. Edward
Vara, Mr. Shailesh
Viggers, Sir Peter
Villiers, Mrs. Theresa
Walker, Mr. Charles
Wallace, Mr. Ben
Waterson, Mr. Nigel
Watkinson, Angela
Webb, Steve
Whittingdale, Mr. John
Widdecombe, rh Miss Ann
Wiggin, Bill
Willetts, Mr. David
Williams, Mr. Roger
Willis, Mr. Phil
Willott, Jenny
Wilson, Mr. Rob
Winterton, Ann
Winterton, Sir Nicholas
Wright, Jeremy
Young, rh Sir George
Younger-Ross, Richard

Tellers for the Noes:
Mr. John Baron and
Mr. Philip Dunne

Question accordingly agreed to.

BUSINESS RATE SUPPLEMENTS BILL (MONEY)

Queen's recommendation signified.

Motion made, and Question put forthwith (Standing Order No. 52 (1)(a)).

That, for the purposes of any Act resulting from the Business Rate Supplements Bill, it is expedient to authorise the payment out of money provided by Parliament of any expenditure incurred by the Secretary of State by virtue of the Act.—*(Mr. Timms.)*

Question agreed to.

Business without Debate

DELEGATED LEGISLATION

Motion made, and Question put forthwith (Standing Order No. 118(6)).

Government Trading Funds

That the draft OGCbuying.solutions Trading Fund (Extension and Amendment) Order 2008, which was laid before this House on 5 November, in the previous Session of Parliament, be approved.—*(Chris Mole.)*

Question agreed to.

COMMITTEES

Madam Deputy Speaker (Sylvia Heal): With the leave of the House, we will take motions 5, 6 and 7 together.

Environmental Audit

Ordered,

That Mr. Phil Woolas be discharged from the Environmental Audit Committee and Jane Kennedy be added.

Tax Rewrite Bills (Joint Committee)

That Mr. Quentin Davies and John Healey be discharged from the Joint Committee on Tax Law Rewrite Bills and Mr. George Mudie and Mr. Stephen Timms be added.

Treasury

That Mr. Siôn Simon be discharged from the Treasury Committee and John Mann be added.—*(Rosemary McKenna, on behalf of the Committee of Selection.)*

Mental Health Advocacy

Motion made, and Question proposed, That this House do now adjourn.—*(Chris Mole.)*

8.30 pm

Mr. Charles Walker (Broxbourne) (Con): It is a great privilege and honour to move the first Adjournment debate after the Christmas recess. I welcome the Minister to his place. I had the great pleasure of working with him when I served on the Public Administration Committee and he was the Minister for the third sector. He took a great deal of interest in the work of our Committee and he always listened and was always helpful. I hope he will be equally helpful this evening.

I had the great honour and privilege of serving on the Mental Health Bill in 2007. The Bill has now become an Act and its measures came into force on 3 November 2008. Many parts of the Act were welcomed in all parts of the House. However, some parts of the Act caused many Members on all sides of the House great concern. The Act contained significant powers to detain and treat people against their will. Many of us in this place were concerned about that. The Act also incorporated safeguards in the form of independent mental health advocacy that would ensure that people who were being detained against their will or faced being detained against their will for mental health problems could receive the support of an independent advocate. That is crucial.

When someone has a mental illness and has an episode that requires or may require their detention, their liberty is removed and their freedom of movement is restricted. Some people are committed to secure hospitals. Others are subject to community treatment orders which restrict their liberties and freedom of movement in the community. The role of the advocate is to support those people in their dealings with health care professionals. Someone having a mental episode may be extremely bewildered, upset and frightened. They get a great deal of information, some of which they do not agree with and much of which they may be hostile towards. They can feel very alone and isolated.

The role of advocates is to stand and sit by that person and to ensure that they understand as far as possible their rights under the Mental Health Act 2007—their right to say no and to question the treatments and recommendations proposed by health care professionals and clinicians. That is a hugely important part of the Act.

Let us turn for a moment to our criminal justice system. When defendants before the courts face losing their liberty, we have a robust legal system which ensures that they get proper representation, that their interests and concerns are given a proper hearing, and that their side of the story is put. It is just as important that people who face being incarcerated and having their liberty removed as a result of a mental health episode have the same level of professional representation—people who go in to bat on their behalf.

As I said, the Act came into force [illegible] November 2008. However, the part of the Act dealing with mental health advocacy is not due to come into force until 1 April 2009. That creates problems, which I should like to explore with the Minister for a few moments. We are about 10 and a half weeks away from the go-live date, but the commissioning of these services by primary care trusts has only just got under way.

On 16 December, just before the House rose for the Christmas recess, the Minister made a helpful statement about how the tendering process would commence. However, today is 12 January and we have just over 10 weeks to get the services in place. Tendering and commissioning is a complex process that requires thought and time. Organisations such as the NHS Confederation, Mind and Rethink are concerned that the tendering could be rushed and that solutions that do not best fit the needs of mental health patients will be put in place. We need to be alive to those concerns.

One of the fears is that because of the short space of time for putting out a tender and commissioning the services, the process may favour large, national providers. As the Minister will know from his time as Minister with responsibility for the third sector, I had a concern about such providers squeezing out good, locally based advocacy providers. Large, national providers have large infrastructures and experts within their tendering teams who can quickly put together and present a complex tender. They may be good advocacy providers; I do not doubt for a minute their ability to deliver the service. However, we must ensure whenever possible that established local groups get the chance—or perhaps are prioritised—to deliver the services. Such organisations are rooted in communities and have a track record of success. I hope that the Minister will give PCTs further guidance on how to ensure the outcome within 10 and a half weeks from the go-live date.

Tim Loughton (East Worthing and Shoreham) (Con): I have listened carefully to my hon. Friend and I can endorse his knowledge of and input into this subject, as I was leading for the Conservatives on the Mental Health Bill.

My hon. Friend is absolutely right. My concern is that the Mental Health Act 2007, which represents a reform of mental health legislation for the first time in about 25 years, contains a lot of innovative, controversial and technical legislation. To have advocates in place by April, late though that is, is demanding. To have well trained and well qualified advocates in place capable of offering the service to many vulnerable people in complicated conditions is a great challenge. My fear is that those people might not be available.

Mr. Walker: My hon. Friend has pre-empted the next part of my speech; if he will bear with me for a few moments, I shall answer his intervention.

I am very concerned that small local providers of advocacy services may be squeezed out as a result of the tendering process. The 2007 Act also set aside £8 million in the regulatory impact assessment to fund the provision of additional advocacy services for people suffering from mental illness who face having their liberty removed and restrictions being placed on their freedom of movement. I believe that the £8 million is still in place and will go to primary care trusts and it is very important that it should. That is additional expenditure.

One of Mind's concerns is that the money may not materialise and that we will have to rob Peter to pay Paul—that the PCT funding for advocacy services working for other groups of patients will be reduced, so that PCTs meet their statutory obligation under the 2007 Act. I am sure that the Minister will answer those very real concerns as he winds up this evening. We do not want to see again the viability of small local groups being put into question because they have suddenly lost significant parts of their funding because PCTs are meeting their obligations by bringing in larger, national providers of advocacy services. I hope that the £8 million will come.

I appreciate that we live in straitened financial times and that Members asking for money in the House tend to get pretty short shrift. However, the NHS Confederation is extremely concerned that, given the short time available to get the services in place, the £8 million will not be enough. In a sense, I am the mouthpiece of the NHS Confederation on that point; I am bringing its concerns to the Minister. I hope that he will be able to respond. Whatever he says, I am sure that it will go some way towards putting the minds of those at the NHS Confederation at rest.

My hon. Friend the Member for East Worthing and Shoreham (Tim Loughton) mentioned training and qualifications. As we debate independent mental health advocacy this evening, there is no recognised qualification in place for these advocates to take. There are plans afoot and wheels in motion to produce that qualification, but as of yet it has not materialised. I hope that in the next six months something will appear. As my hon. Friend said, the legislation is extremely technical, and we need people representing the mentally ill who have an implicit and intrinsic understanding of it and of their client's rights under it. In the criminal justice system, one would expect to be represented by a lawyer or, at the minimum, a paralegal of some training who understands what is going on. We should not in any way sell the mentally ill short on the quality of the representation that we give them.

There is a delayed training requirement. By that, I mean that people providing advocacy from 1 April will not be required to demonstrate proficiency in the Act for a year after they have started providing that advocacy. I do not know—perhaps the Minister can tell me—whether that is only in the first year from 1 April 2009 to 31 March 2010, while the Act beds in. However, I hope that as soon as possible we can ensure that people providing this service in very stressed conditions where the stakes are very high—we are talking about removing people's liberty for six months or more—have the level of expertise to get it right and to ensure that the clients whom they represent are confident in their abilities. I know that it is dangerous territory to talk about measuring the effectiveness of representation, because we have too much measuring, but in the early stages we need to ensure that the advocacy being provided, even by people with training, is up to the mark. People with mental illness deserve the very best, and we as a society should give them the very best.

I have received representations from organisations and clinicians who represent and deal with ethnic minority groups, and they are very concerned about the delay in the implementation of advocacy services. A black Afro-Caribbean male exhibiting the same symptoms as someone who is white is twice as likely as a white person to be detained under mental health legislation. That is fairly horrifying, and it needs to be addressed. We need to ensure that people providing advocacy services have cultural relevance. I have nothing against people in the home counties providing advocacy services to a broad range of clients, but in inner-city environments it is absolutely vital that people providing those services understand the cultural issues and pressures and the sense of anger and fear that resides in many ethnic minority communities about their chances of being penalised and discriminated against under the Act. We need to ensure, as a priority, that minority groups get representation that meets their needs and in which they have total confidence.

Tim Loughton: My hon. Friend continues to make a strong case. There are subsections within black and minority ethnic communities, particularly young Afro-Caribbean men, for whom the figures are far worse than just twice the likelihood of being picked up. Not only are there problems with encouraging members of BME communities experiencing mental health problems to access services—they are often less likely to come forward—but once they are in the care of those services it is vital that they have trust in somebody who is going to advocate for them. I have noticed that there is a campaign trying specifically to recruit advocates who reflect the people whom they are going to represent in court.

Mr. Walker: The last thing we want is communities suffering in silence, or fearing an engagement with the health service that is there to serve them because they fear a result that affects their liberty or freedom of movement. My hon. Friend is absolutely right, and I know that the Government will be concerned about the issue. I know that they were concerned about it during the passage of the 2007 Act. All of us have a duty to get it right, for everyone, but we must not forget the difficult groups that feel excluded. We need to get it right for them as well if our mental health system is to carry the credibility it deserves.

I have spoken for 15 minutes, which is the normal allotted time for such debates, but I understand that I have a little longer tonight. I will detain the House only for about another five minutes. Connected to the issue of mental health advocacy services is the idea of care in the community. While I have the Minister's attention, I would like to bring to his attention something exciting and innovative that I recently came across. We all accept that the idea behind care in the community was good, but that it lacked something in the execution. A lot of people felt very isolated when they were returned to the community because it remains fearful of people with mental illness—I shall return to that point at the end of my short speech.

Something called adult fostering is being pioneered in America, which a few local authorities are now adopting. Adult fostering involves not taking people out of a mental health hospital and putting them straight into the community, but placing them with families who understand and have compassion for people with mental illness and who can meet their needs and support them back into the community. I think that idea is revolutionary. It is a truly exciting development, which really is care in the community, and reflects that aspiration. I know that the idea is slightly off the terms of tonight's debate, but I hope that the Minister will consider it. It works both ways: it helps people coming out of hospital back into the community, but it can prevent people from going into hospital by providing them with support to ensure that they can recover their equilibrium and do not need to spend time in hospital. I do not have the details of

[Mr. Walker]

the scheme, but I would like to learn more about it. If successful, it might be implemented throughout this country, where we could be very proud of it.

I conclude by noting that our tabloid press are having great sport with discriminatory remarks made by a member of the royal family. The reporting of the tabloid press on people with mental illness is atrocious and appalling, and it is discrimination of the worst kind. Many people are fearful of coming forward with mental health problems because they fear that they know how their community will react to them. There is still hostility in our communities to people with mental illness and I firmly believe that a lot of that hostility is whipped up by hysteria in the tabloid press. It is the worst kind of discrimination; it is vile discrimination. I hope that our tabloid press gets their house in order before we have to get it in order for them.

Thank you for hearing me out, Mr. Deputy Speaker. I shall now allow others to take part.

8.48 pm

Mr. David Drew (Stroud) (Lab/Co-op): I am delighted to take part in this debate and I congratulate the hon. Member for Broxbourne (Mr. Walker) on securing it. I shall not detain the House long. I declare an interest in that my son works in the field of mental health, at Broadmoor hospital. He has some knowledge of aspects of mental health but in a slightly different context.

I begin by congratulating the Government. I recently asked a parliamentary question about this issue, and the Minister's response was better than I expected—apart from the delay, we have done the right thing. We have realised the importance of advocacy, and I have long believed that we needed to do that. In a sense, the Government are going to get blamed whatever they do. If they had rushed ahead and implemented the advocacy strategy without sufficient numbers of people and without the strategy being grounded in real expertise, there would have been obvious problems. On the other hand, as the hon. Gentleman rightly said, it has been delayed beyond the implementation of the other aspects of the Act, which leaves some of us rather nervous.

My concern throughout has been for the poor souls who are in the process of being sectioned. Those of us who know a little bit about it, perhaps not through direct experience but through talking to people who have been sectioned and those who undertake the sectioning, have found it somewhat bizarre that the advocate of the person being sectioned has, until the present change, been the very person undertaking the sectioning. That may be because those people are skilled experts who know how to cope with the various pressures that they will meet in the most difficult circumstances, but one has to be somewhat naive to believe that there will not be occasions when the person being sectioned genuinely feels that it is wrong, and that they cannot get the advice that they want, whether from a community psychiatric nurse whom they know or an approved social worker. The people giving them advice are essentially those who are taking their liberty away. Even if not immediately upon sectioning, we need to recognise that the independence of the advocate's role in giving advice to someone who has faced the most trying circumstances is right and proper.

Tim Loughton: I am grateful to the hon. Gentleman for giving way, because intervening saves me having to ask to make a speech. Is it not the case that a number of people who need to be sectioned for mental illness are sectioned at the instigation of family members who are acting in their interests but with whom they have fallen out? They do not feel that they can rely on family and friends to advocate for them informally, as they might in the case of other illnesses or in legal proceedings, because not trusting them is part of their illness. That is why the role of an independent advocate who can only have their interests at heart is essential, and why we really must get on with it.

Mr. Drew: I agree entirely, but of course the corollary to that is that occasionally, someone who has been sectioned has every right to distrust their family. There might be a family dispute going on. Too often, people come to us to ask us to intervene, saying that someone is mentally unwell, when nothing of the sort is true. There might be a wider dispute, and the family has sadly taken the ultimate step of saying that the person in question is not of sound mind. They want to get the authorities to intervene so that a course of action takes place that will help them to argue their case.

I have read the Mind briefing on the matter, which is very useful. It asks when the change will occur and whether it will genuinely happen this April. It asks how the change will be funded, who will be trained to do it and which organisations will have the means to undertake advocacy, which are all genuine questions. I support completely what the hon. Member for Broxbourne said, and I hope that as the Minister has a little longer than usual available to him, he can go into some depth in answering those questions.

I wish to dwell on two matters that concern me. First, I would like to think that some of the advocacy could be undertaken by people who have themselves suffered from mental health problems. I never cease to be amazed by the way in which those who have recovered from such problems are the best at knowing about the service, its strengths and weaknesses and, if you like, where the bodies are buried. For all sorts of reasons, the matter has to be handled incredibly sensitively, but I hope that when we hand out the commission for the work that is to be undertaken, there is a genuine effort to use people who have had mental health problems and are prepared to use their expertise to advocate on behalf of those who are currently going through such problems. That can be incredibly powerful. It has to be done carefully, but I would like to think that it will be considered closely.

Secondly, we have to be careful because we can get into something of a minefield. There are those who not only have mental health problems but are dependent on drugs and alcohol. We therefore need to recognise that the advocate's role involves a range of skills. We must take account, too, of those who also have learning disabilities. The role of the advocate may be not only to undertake advocacy in language that professionals understand, but to work backwards from the professionals to the person who has been taken under mental health supervision. Perhaps that person has no language capability and finds the process alien to their whole being. In my constituency, many caring people are trying to work with those who do not have language understanding but who may not have mental health problems.

We know that there is an association between extreme learning difficulties and mental health problems, especially in later life. Those with severe learning difficulties can develop mental health problems, and it is vital to have advocates who can genuinely interpret and translate for and work with the sometimes difficult cases of people who do not understand what is happening to them, and why what is happening is anything other than cruel. I appreciate that it is difficult to talk about such matters and that I am considering an extreme, but unless we raise these issues and recognise the problem, there is a danger that advocates will not come forward. The job is skilled and will be difficult, and I hope that we find enough of the right people to do it. The last thing we want is for those people to be overused and drop out quickly because of the pressure. I hope that the Minister has some good things to say about that. I appreciate being able to make a short contribution.

8.56 pm

The Minister of State, Department of Health (Phil Hope): I congratulate the hon. Member for Broxbourne (Mr. Walker) on securing the debate and thank him for raising an important issue. I am delighted that my hon. Friend the Member for Stroud (Mr. Drew) and the hon. Member for East Worthing and Shoreham (Tim Loughton) took advantage of our slightly extended time as a result of the main business finishing early to share their commitment, concerns and passion about getting the matter right. Hon. Members clearly have knowledge and experience—they served on the Committee that considered the Mental Health Act 2007, and some can bring family experience to bring to bear, too.

The remarks of the hon. Member for Broxbourne reflect a key concern, not only in mental health, on which I shall focus, but throughout the health service: how we ensure that everybody, regardless of background or circumstances, gets the best possible treatment and care. My hon. Friend the Member for Stroud mentioned diversity—I shall say more about the impact on black and minority ethnic groups shortly. It is important to convey a strong message, as we did with Lord Darzi's next stage review, that we put the patient and patients' needs at the heart of the health service. That is the key to improving the quality of care.

The hon. Member for Broxbourne is right that, for the most vulnerable members of our community—patients suffering from mental health problems—advocacy is one way of helping to ensure that the patient and patients' needs are at the heart of the health service and to drive forward quality of care.

Giving patients a voice through advocacy or in other ways is about more than simply improving services, although it will have that effect. As my hon. Friend the Member for Stroud hinted, advocacy is about helping preserve a person's dignity and self-respect, as well as protecting their legal and human rights, and that was considered when the Mental Health Bill was debated in Parliament.

The debate is a great opportunity to spell out what the Government are doing about improving advocacy services. I hope that I will respond to all the concerns that have been raised. Before I go into detail, it might be useful to put the matter in context and describe how far mental health services have travelled in recent years. That shows why it is so crucial to get advocacy right.

I hope that hon. Members of all parties recognise that mental health services have improved significantly in the past decade. The national service framework—supported, I am pleased to say, by some sustained increases in investment—has transformed the scale and scope of mental health services in this country. There are now 740 new mental health teams in the community, offering people reassurance and effective treatment at home. There are also some very good early intervention programmes for those experiencing a first episode of psychosis, ensuring that people receive the help that they need.

I was intrigued to hear about the example from the United States that the hon. Member for Broxbourne mentioned. We should look not just to these shores for examples of good practice to spread, but throughout the world, where we see good practice, particularly in preventing people from entering forms of care that might be restrictive. The more that we can do that, the better.

My hon. Friend the Member for Stroud mentioned people with drug or alcohol issues. There is a need not only for outreach services that reach out assertively to people in the community who have other problems, but to see how we can make that connection with mental health services as well.

I am pleased to say that the work that we have done to date—clearly we want to do more—won international acknowledgement in the World Health Organisation's recent mental health report, which rated services in this country as among the best in Europe. That is quite a turnaround from where we were in the 1980s, with a patchy, Swiss cheese model of mental health services, if I can put it that way, with inadequate and underfunded provision hiding under the cloak of care in the community, which the hon. Member for Broxbourne mentioned earlier. Now, we see an increasingly confident, assertive and innovative sector.

If the last decade has been about putting mental health on the road to recovery, by rebuilding capacity and encouraging diversity, we must respond in the next decade to new challenges. The biggest challenge of all is to ensure that some of the most vulnerable people in our community receive the care and dignity that they deserve. As I have already said, advocacy is key to that.

The hon. Gentleman will know this, but I want to remind the House that mental health advocates have supported patients in many mental health services for a number of years, helping to involve them in decisions about their care and treatment. That may include explaining why people have been detained under the Mental Health Act 2007 and what that means, helping them to communicate their views to medical staff or giving them support as they prepare for tribunals, for example.

Clearly, that is an important part of our duty of care and of upholding patient well-being. That is why we want to ensure that more mental health patients can benefit from mental health advocates. The Mental Health Act therefore seeks to improve and standardise existing arrangements, by introducing new independent mental health advocates, or IMHAs as they are known in the jargon. Such advocates must be available for all qualifying patients.

Let me pick up the point that my hon. Friend the Member for Stroud made about the independence of advocates, which is a central part of the design of the

[Phil Hope]

service. Hon. Members who scrutinised the 2007 Act will know that that independence is an important part of the role of advocates. Advocates will help individuals to understand and exercise their legal rights and will represent their views and interests in decisions about their medical care and treatment.

Independent advocates will be available to help most detained patients, as well as patients on supervised community treatment or in guardianship. Other patients whose treatment is subject to the special safeguards provided by the 2007 Act, which the hon. Member for East Worthing and Shoreham mentioned, will also be eligible. We estimate that just over 40,000 patients a year will be able to benefit from support from advocates.

Hon. Members have expressed concern about the delay in implementing the measures. The statutory provision for independent advocates comes into force in England from 1 April, as the hon. Member for Broxbourne rightly said. He asked why it had taken so long. My hon. Friend the Member for Stroud summed up the dilemma quite nicely. We want to get on with it and make things happen, but also ensure that we get it right. They say, "Marry in haste, repent at leisure," and I am afraid the same is true of the more prosaic act of our implementing legislation.

We wanted to ensure that the introduction of the new advocacy service went smoothly, which has meant developing appropriate local commissioning processes and putting training arrangements in place, about which I shall say a bit more in a moment. I want to assure hon. Members that I am as anxious as they are for the measures to be enacted, but we want to get them right, too.

Tim Loughton: I hope that the Minister will forgive me if I do not quite recognise the rosy picture that he paints of mental health services, not least because of the reduced funding, proportionately, that mental health services get as part of the NHS. I want to bring him to the subject of community treatment orders. He will know how contentious CTOs were during the passage of the Bill. From the initial draft Bill, through the further draft Bill and the pre-legislative scrutiny Committee, CTOs were always contentious. They have now come into force. One of the reasons that their opponents were prepared to accept the watered-down version of CTOs—objectionable though they were, in many respects—was the safeguard that would be provided by the advocacy service, for which many of us petitioned for many years. The CTOs and the advocacy service were supposed to start at the same time. Why has that not happened? Why have CTOs gone ahead without that safeguard? The Minister cannot say that he has not had any warning about this, because the Mental Health Bill was many years in the making, and advocacy was always something that many people wanted.

Phil Hope: I had better not get drawn into a debate about which party has given more funding to the NHS to support services of this kind. I think that the hon. Gentleman will probably find that he has voted against supporting more funding for the NHS. But let us not sour the debate by talking about which party has trebled the funding for the NHS from £30 billion to £100 billion a year over the past 10 years.

I had reached the point about why we had delayed implementation. In fact, the Act says that advocacy will not be available in law until 1 April, so we are working within the time scale of that legislation. These matters were debated by the House. As I said earlier, we wanted to ensure that we got this right. We wanted to get the commissioning framework right, as well as the recruitment—about which I shall say a bit more in a moment—and the training. Making these decisions and getting these things right was central, and hon. Members who have contributed to the debate might, like me, not be happy with the delay, but they will none the less recognise that getting these things right is more important than implementing the measures in haste and getting them wrong.

Getting the commissioning framework right was important. We wanted to develop a commissioning process that offered maximum flexibility so that local needs could be met. That maximum flexibility addresses some of the concerns that the hon. Member for Broxbourne raised about the ability of local and small organisations, as well as larger ones, to bid for contracts. In my former role as Minister with responsibility for the third sector, I ensured that the commissioning process across a whole range of aspects of Government policy provided such local organisations with a level playing field when bidding for contracts.

A challenge for all organisations bidding to provide these services will be ensuring that they deliver a consistent, high-quality service, so that people can have confidence in the standard of advocacy wherever they live and whatever organisation is providing the service. During 2007, we consulted widely, including with third sector organisations, on the best commissioning arrangements for delivering the new duty. Last month, I reached the conclusion that primary care trusts were best placed to commission those independent advocacy services. That will have a number of advantages. PCTs can commission jointly with other PCTs, or they can delegate commissioning responsibilities to them. That will provide a powerful degree of flexibility, which will be particularly important when patients are moving between treatment providers in different areas.

The system might also include advocacy services in partnership arrangements with local authorities, which would be useful, given local authorities' experience in commissioning other types of advocacy. PCTs already commission other specialist mental health services. Many have already commissioned non-statutory advocacy services for patients, for example. Given that the main users of independent advocates will be those receiving in-patient care, PCTs will be best placed to know what services are needed in their areas.

I should like to draw attention to the guidance for commissioners that we published on independent mental health advocacy, as it addresses a number of the concerns that the hon. Member for Broxbourne raised. It also contains details on diversity, which I shall return to in a moment. First, however, I want to turn to funding—without getting into the territory that I mentioned earlier. We have taken into account the new statutory duty when setting PCT allocations for the next two years, so I can tell the hon. Gentleman that there is money in the system to support these measures, and we will expect PCTs to fulfil the duty effectively. Of course, different areas have different needs, and it will be for PCTs and their local partners to decide how best to use their resources to meet their statutory duty, but we want to give them plenty of support to help them exercise it.

At the end of last year, the National Institute for Mental Health in England published comprehensive guidance for PCTs. It discusses good practice and sets out recommended processes for commissioning. I have also asked the institute to work with commissioners and with mental health services and advocacy providers to provide ad hoc support and information for those engaged in introducing the new service.

What the hon. Member for Broxbourne said has given me a chance to make the point that independent mental health advocacy is not a replacement for anything, but a wholly new statutory service for a very specific purpose. It is there to provide extra assistance to people subject to compulsory measures under the Mental Health Act 2007. We have been very clear that independent advocates do not replace non-statutory mental health advocacy services. That is why we provided additional funding for PCTs. Advocacy provision is already available on a non-statutory basis, as we discussed earlier, from a number of agencies, and we expect those arrangements to continue.

It is important to get the right people acting as independent advocates, as my hon. Friend the Member for Stroud argued. They must be well trained, genuinely independent and suitably vetted. I remind the House that we have published new standards in regulations that make it clear what qualities we expect of independent health advocates. Training and recruitment are crucial to the success of the programme, as I am sure the hon. Member for Broxbourne would agree. We laid regulations that set minimum appointment requirements and set out who would be responsible for checking that independent advocates met the requirements.

Assuming that any individual—my hon. Friend the Member for Stroud made the particular suggestion that previous service users become advocates—meets the requirements, there should be no barrier to their appointment, but they really must meet the requirements set down in the legislation. Under the regulations, advocates must have appropriate experience or training for the role, and the Department website gives advice on what that involves. I hope that deals with the concern raised about a trainee carrying on when someone has been appointed; the people appointed must have appropriate experience or training for the role. We did not want to be too prescriptive, however; we wanted to be flexible about the experience and qualifications necessary, because we wanted to leave as much discretion as possible to those making the appointments.

My Department is also working with City & Guilds to develop a national advocacy qualification, which will include a specialist module for independent mental health advocates. I anticipate that this qualification and its training materials will be available before independent advocates take up their positions on 1 April, and I expect all of them to complete their training within a year of starting practice. Alongside that, the National Institute for Mental Health in England is producing an effective practice guide, including issues such as patient engagement and working with other mental health professionals.

In deciding whether a person has appropriate experience and training to overcome the concerns raised by the hon. Member for Broxbourne, the person or organisation appointing the advocate should particularly consider whether they have previous experience of working in advocacy, particularly mental health advocacy, or of working with people with mental health needs and whether they have successfully completed an advocacy qualification, such as the one I described a few moments ago.

The hon. Member for Broxbourne and others raised concerns about the diversity of the groups that will need to use independent advocacy. I certainly recognise, and the guidance clearly spells it out, that the design of local mental health advocacy services can impact on access to the service by those qualified to receive it who have very different needs. Accordingly, regulations require commissioners in making arrangements for these services to have regard to the diverse circumstances and needs, including—and, I have to say, not limited to—the ethnic, cultural and demographic needs of qualifying patients.

The commissioning guidance that I referred to earlier offers advice to PCTs on how their independent mental health advocacy services might best meet the diverse needs of patients. That specific question about diversity is also discussed in the training module. We will need to monitor the legislation carefully, and the hon. Gentleman is right to suggest that we need to monitor matters carefully. We know that in some circumstances, people from some black and minority ethnic groups have been more likely to be subject to compulsion in their care. The reasons for this are complex and, as he knows, not fully understood. That is why we have put in place and have been funding "Delivering Race Equality", which is a comprehensive action plan to help tackle the problems that BME communities can experience in mental health services. I am pleased to say that it is generating an unprecedented amount of work and research on how services can be improved, but there clearly is more that we need to be doing.

To sum up—I have taken more time than I would normally take—mental health is at an important crossroads. As the national service framework draws to an end, we can look back on 10 years of rising investment, capacity and innovation, but we need to look forward to an even brighter future for mental health services. The "New Horizons" programme, led by my Department, will help us to chart a new way forward and a new vision for mental health, building on the old framework and incorporating good examples from other parts of the world. I am clear that that new way forward means putting patients first in everything that we do. Frankly, investment in mental health services will count for nothing unless it protects the patient and improves their experience of care.

That has to be our singular purpose, and advocacy can really help us to deliver on that promise. We need to unlock the full benefits of the progress that we have made in the past decade for patients, which is why implementing this new duty is a huge priority for me and the Department. It is why we have taken such pains to prepare the ground thoroughly, and why I am confident that the new measures will, from April, make a real and lasting difference to people's lives—something that I know that I and other Members of the House desperately want to see.

Question put and agreed to.

9.17 pm

House adjourned.

House of Commons

Tuesday 13 January 2009

The House met at half-past Two o'clock

PRAYERS

[MR. SPEAKER *in the Chair*]

Oral Answers to Questions

FOREIGN AND COMMONWEALTH OFFICE

The Secretary of State was asked—

Palestine

1. **Mr. Alistair Carmichael** (Orkney and Shetland) (LD): What work his Department is undertaking in Palestine; and if he will make a statement. [246475]

The Minister of State, Foreign and Commonwealth Office (Bill Rammell): Mr. Speaker, before I answer the question may I say that, as you will be aware, the Foreign Secretary is on an official visit to India, where he is meeting the Indian Government and Opposition and making a speech on terrorism. He will also be discussing India's relations with Pakistan in the aftermath of the Mumbai bombings, as well as other regional issues. My right hon. Friend sends his apologies.

Our current focus is on securing an immediate and permanent ceasefire in Gaza. The Prime Minister and the Foreign Secretary have urged both sides to stop the violence and fulfil their humanitarian obligations. Last week's United Nations Security Council resolution, tabled by the United Kingdom, called for an immediate ceasefire. The Government are also working on making a ceasefire sustainable, including exploring ways to stop arms trafficking and to open the crossings to Gaza.

Mr. Carmichael: Does the Minister share my concern that many reports of Israeli activity in Gaza, including the use of phosphorescent shells and the use of heavy-fire shells in built-up areas and attacks on medical facilities, all constitute prima facie evidence of war crimes. What will the Government do to ensure that where that prima facie evidence exists there will be a full investigation and that those responsible will be brought to justice?

Bill Rammell: Extremely serious allegations about the conduct of both sides during the conflict have been made by the International Committee of the Red Cross and others. Those allegations have to be properly investigated. The hon. Gentleman referred to the alleged use of white phosphorus. Those allegations have been made but not substantiated and although the use of white phosphorus is not illegal, the UK Government are very clear that it should not be used as an anti-personnel weapon and certainly not in a civilian environment. We will continue to make our view very clear to the Israeli Government and to urge them, as we have done, to do everything possible to avoid civilian casualties.

Derek Wyatt (Sittingbourne and Sheppey) (Lab): I understand that evidence of white phosphorus on civilians in Gaza has been confirmed. If that is the case, is it the intention of the UK to report the Israelis to the war crimes tribunal?

Bill Rammell: May I make it clear to my hon. Friend that my understanding is that the allegations have not been substantiated? Nevertheless, it is the case that extremely serious allegations about the conduct of both sides have been made. Those allegations have to be properly investigated and I remain absolutely firmly of that view.

Mr. James Clappison (Hertsmere) (Con): But while these allegations are being made, is there not an interest in having some balance and remembering that this undoubtedly began through unprovoked aggression by Hamas firing a huge number of rockets into Israel, aimed at civilian targets? Would the proper step not be for Hamas to stop firing those rockets? As long as they are being fired, they are derailing the peace process in the middle east, which may be the intention.

Bill Rammell: I visited Ashkelon, near the border, just before Christmas and the air raid sirens were going off while I was there. If that is happening on a sustained daily basis—as it has been—it is a real cause for concern. That is why we have argued as strongly as we have both for the rocket attacks to stop and also for an effective ceasefire. There has been massive loss of life in the Gaza strip; the figure is now 900 people, 250 of them—crucially—children. That is why we need a ceasefire and why we have argued so strongly for it and why we secured the Security Council resolution last week.

Dr. Phyllis Starkey (Milton Keynes, South-West) (Lab): May I remind the Minister that the allegations of international law abuse have been backed by the Israeli human rights organisation, B'Tselem, and by Amnesty? Christian Aid has just reported that one of its mother and baby clinics was bombed by the Israelis earlier this week and completely destroyed. May I press the Minister specifically on what the British Government will do to make sure that there is an independent investigation? Will he take the matter to the EU sub-committee on human rights to see whether the trade agreement can be suspended?

Bill Rammell: I know that my hon. Friend has a genuine and long-standing interest in these issues. Our overriding priority at the moment is to do everything possible, both diplomatically and politically, to get to a ceasefire. That is what we are driving towards. Consistent with that, we have nevertheless repeatedly called both publicly and, crucially, privately on all parties to fulfil their humanitarian obligations and to facilitate the delivery and distribution of aid, and that we will continue to do.

Angus Robertson (Moray) (SNP): Is the Minister aware of diplomatic reports that the middle east envoy, Tony Blair, had to be recalled from holiday and from lucrative speaking engagements to deal with the present situation? Does he not share my concern that Mr. Blair has not even been to Gaza at this critical time?

Bill Rammell: Frankly, that is beneath contempt and does not do the hon. Gentleman justice.

Mr. Mark Hendrick (Preston) (Lab/Co-op): My hon. Friend will be aware of the terrible humanitarian situation in Gaza and of the fact that 850 people have been killed, 250 of them children. What attempts are the Government making to ensure that Israel makes available more time to enable essential medical aid to get through to the Palestinians? I understand that only one fifth to one sixth of the required medical and food supplies are getting through now.

Bill Rammell: I agree, and we have argued consistently that an immediate and sustainable ceasefire is urgently needed. In tandem, we have argued strongly that humanitarian aid—food, medical equipment and supplies—should be allowed in unfettered. My right hon. Friend the Foreign Secretary and I met humanitarian non-governmental organisations yesterday; they reported to us that just one fifth of the necessary supplies are getting in daily. That is the reason for the urgency and the reason why we have consistently and continually argued for a ceasefire.

Sir John Butterfill (Bournemouth, West) (Con): Does the hon. Gentleman not think it ironic that the present Israeli Government were elected on a programme of withdrawing settlements and negotiating a twin-state arrangement independently, and have shown evidence of that purpose by withdrawing from Gaza and removing their own settlements from the area? Are not the present circumstances therefore primarily the responsibility of Hamas, which failed to take up the offers made by the Israeli Government, but continued its programme of rocketing civilians?

Bill Rammell: I believe very strongly there are responsibilities on all sides. The situation in the Gaza strip and southern Israel is desperate; that is why we urgently need a ceasefire. We must remember that as long as the conflict is taking place, the prospects for a longer-term and durable middle east peace settlement are moving further away. That is why dealing with the situation is so important and why we have argued as strongly as we have for a ceasefire.

Mark Durkan (Foyle) (SDLP): Yesterday, the Foreign Secretary adequately and unequivocally condemned the terrorist means being used by Hamas. Does the Minister of State accept that the essence of terrorism is to attack civilians and civil infrastructure with a view to achieving or imposing political ends? When, therefore, will the Government similarly condemn the onslaught by Israel on the people of Gaza and stop the twin pretence that there is either military equivalence or moral difference between the terror tactics being deployed by the Israelis and those used by Hamas?

Bill Rammell: We have consistently and rightly argued that the sustained rocket attacks on the state of Israel are wrong and unacceptable; but we have also rightly called for a cessation of the Israeli activity in the Gaza strip. At the beginning of the conflict—this is the point the hon. Gentleman is driving at—a European Union statement was made that described the Israeli response as disproportionate. We supported that view and that is one of the reasons why we have argued as strongly as we have for a ceasefire.

Belarus

2. **Mr. Gary Streeter** (South-West Devon) (Con): What recent discussions he has had with the Government of Belarus on human rights in that country. [246476]

The Minister for Europe (Caroline Flint): I met the Prime Minister of Belarus in London on 17 November. I urged the Government to make tangible human rights progress in a number of areas, including greater freedom of the media, engagement with civil society and political opponents of the regime.

Mr. Streeter: I am grateful to the Minister for that reply. She will know that, since 1994, that country has been run by an autocratic Soviet-style president, who keeps himself in office by locking up political opponents and rigging elections—*[Interruption.]*—nothing like this country whatsoever. Given that we are talking about a European country—a country in the centre of Europe—surely the UK and EU can do more to support the movements for change and the opposition in Belarus, and to bring about a peaceable, transforming, democratic revolution in that country.

Caroline Flint: I thank the hon. Gentleman for his comments. I know that he plays an important role in human rights issues. I reaffirm to the House that, although the EU, with the UK's support, has opened up some opportunities, there is a six-month window: come March this year, Foreign Ministers will take a decision on whether some of the opening up and reduction of restrictions should continue. Although some small progress has been made in the past few months in relation to the media and political prisoners, a lot more could be done. It is up to those who run Belarus to make the effort. We shall continue to press, as we have for many years through our mission in Belarus, to support those who want more democratic engagement and freedom of expression.

Mr. Mark Francois (Rayleigh) (Con): During last September's elections in Belarus, the Organisation for Security and Co-operation in Europe provided a team of observers, who concluded in their subsequent report that despite some minor improvements,

> "Further substantial efforts are required if Belarus is to conduct genuinely democratic elections in line with OSCE commitments."

Does the Minister have any real evidence of progress made by the authorities in Belarus since then—progress that might give us greater confidence that the country is at last moving towards a more pluralistic, democratic model in which we can have some confidence?

Caroline Flint: The OSCE election monitors made a number of recommendations, as the hon. Gentleman points out. In my previous answer, I referred to some small progress; for example, there have been no further political prisoners, and the opposition press has been given some limited circulation in Minsk. However, undoubtedly, in the next few months, we would like to see some opportunity for the OSCE recommendations to be fulfilled on the ground, including in relation to freedom of the press, the engagement of the opposition parties, and the ability for people to make their views known, including through demonstrations. Also, we would like an end to use of the law to harass those with different political views from those of the people who run the country. We will continue to press on all those fronts.

Mr. Bernard Jenkin (North Essex) (Con): To what extent do the Government hold Russia responsible for the state of human rights in Belarus? Is it not interesting that while Ukraine struggles for freedom and democracy, and has its gas supplies cut off, Belarus has free and easy gas supplies from Russia without any agreement whatever?

Caroline Flint: We should remember that while there is, clearly, a long-standing relationship between Belarus and Russia, it is Belarus that has approached the European Union and the Council of Europe, indicating a desire and a wish to have, in future, a good partnership with the west. The country recently received an International Monetary Fund loan, because it faces huge difficulties with its economy. The future is about holding those in Belarus to account, in terms of what we would expect in a good partnership with the European Union. At the same time, we should recognise that Belarus initiated contact with the EU and the west. If that means that we can improve human rights, trade, and so forth, that is a good thing.

Gaza

3. **Mr. Jim McGovern** (Dundee, West) (Lab): If he will make a statement on the political situation in Gaza. [246477]

The Minister of State, Foreign and Commonwealth Office (Bill Rammell): The UK Government are extremely concerned about the current violence in Gaza. We are in close contact with all the key players and are at the centre of efforts to reach a ceasefire and secure urgent humanitarian assistance. The Foreign Secretary was instrumental in gaining Security Council agreement around a British text, which became resolution 1860; that now needs to be reflected in reality on the ground. For any ceasefire to be sustainable, it has to include action to stop illegal arms trafficking into Gaza and opening the crossings into Gaza.

Mr. McGovern: May I thank the Minister for that response? Last week, along with three other hon. Members—my hon. Friends the Members for Glasgow, Central (Mr. Sarwar), for Livingston (Mr. Devine), and for Stoke-on-Trent, Central (Mark Fisher)—I visited Pakistan, where we were fortunate enough to meet the Prime Minister, the President, and the Leader of the Opposition, all of whom expressed deep concern about what is happening in Gaza. I was left with the overwhelming impression that without peace in Palestine, there will not be peace anywhere in the middle east. Does the Minister agree that current efforts are being undermined by the conflict in Palestine, and that the Palestinian moderates, who seek a peaceful settlement with Israel, are being undermined by the conflict?

Bill Rammell: There is widespread, genuine concern across the whole international community at the current situation. I share with my hon. Friend a real concern, and I say this as a friend of the state of Israel: there is a real risk that current actions will reinforce extremism within the region and the wider world, and undermine those who are arguing for peace, particularly in the Arab states.

Alistair Burt (North-East Bedfordshire) (Con): But is not one of the fears of the world that the tragic loss of life in Gaza today will be compounded, and be seen to have been in vain, unless on this occasion, when hostilities stop, they do so on the basis of the chance of a secure, long-lasting peace? That will not be the case until Hamas and its allies move tangibly towards an acceptance of, and stop terrorising, the state of Israel.

Bill Rammell: I strongly agree with the hon. Gentleman. While Hamas remains committed to the obliteration of the state of Israel and to acts of terror, launching rocket attacks on a regular basis, we will not make progress. We need to move forward and agree a ceasefire, which must address the critical issue of arms smuggling across the border. That is one reason why the talks in Egypt are incredibly important.

David Cairns (Inverclyde) (Lab): According to reports from Egypt, the Speaker of the Iranian Parliament, Ali Larijani, and Saeed Jalili from the Iranian security services are actively encouraging Hamas not to enter into a ceasefire and, indeed, to step up the rocket attacks. Does my hon. Friend agree that those reports not only underline Iran's wholly malign influence in this region but underscore genuine fears among the Israeli public that behind Hamas is a country led by a lunatic and committed to the destruction of the state of Israel?

Bill Rammell: There are genuine and long-stated concerns about the regional role played by Iran. We constantly urge all parties and states in the region to work with us to try to secure a ceasefire as the first step that is desperately needed for the Palestinians in Gaza and for the Israelis.

Sir Nicholas Winterton (Macclesfield) (Con): Would the Minister not accept that the situation in Gaza is horrific? There are no words to describe what is going on there at the moment, but does he not accept that if Hamas gave an undertaking to stop the rocketing of Israel, the Israeli defence forces would withdraw, and it would give all those who are concerned about the future of Gaza, particularly President Abbas of the Palestinian Authority, the opportunity to bring peace? Will he tell us what influence President Abbas, for whom I have great respect, is trying to bring to the chaotic situation in Gaza?

Bill Rammell: President Abbas has been crucially involved in all the discussions, and he was involved in the discussion that led up to the Security Council resolution in New York last week. I very much agree with the hon. Gentleman that we need a ceasefire, and a key element of that ceasefire is stopping on a sustainable basis the rocket attacks by Hamas into Israel. If that is to happen, we must address in a real and meaningful way the smuggling of arms across the border.

Andrew Gwynne (Denton and Reddish) (Lab): The Foreign Secretary was right to emphasise the need to facilitate Palestinian unity in his statement on Monday, which is difficult, given the violent methods that Hamas employed to seize control of the Gaza strip, executing Fatah supporters and expelling Palestinian trade unionists.

Is my hon. Friend concerned about reports coming out of the Gaza strip that the execution of Fatah supporters has resumed? If so, what are the British Government doing to make their views known?

Bill Rammell: We make very clear our opposition to such actions, and we need to move forward. We need Palestinian recognition, but that fundamentally requires movement on the part of Hamas.

Mr. William Hague (Richmond, Yorks) (Con): The Minister rightly said that the Government have argued for better access for humanitarian aid to Gaza, but will he say more specifically what the Government can do, or are doing, about the representations from the ICRC on the creation of safe passage, particularly for ambulances, for the evacuation of the most urgent medical cases, and on the need for both sides to meet their obligations under international law to protect aid workers at all times? Is he satisfied that all necessary plans are being made now, so that Gaza can receive a great deal of aid and assistance for its civilian population whenever there is a cessation of hostilities?

Bill Rammell: We are certainly working to that effect, and the announcement that the Government made last week of $10 million additional support for aid is a demonstration of that commitment. We need to keep arguing, too, that we need to reach that ceasefire as quickly as possible but, notwithstanding that, we must ensure that the aid is getting through on an unfettered basis, and continuing discussions are taking place about what is the most effective route to get that aid into Gaza.

Bolivia

4. **Colin Burgon** (Elmet) (Lab): What assessment he has made of the political situation in Bolivia in advance of the constitutional referendum. [246470]

The Parliamentary Under-Secretary of State for Foreign and Commonwealth Affairs (Gillian Merron): We applaud the dialogue that has led to the constitutional referendum on 25 January. We congratulate the Bolivian Government and all parties involved. We are committed, alongside EU and international partners, to help bring stability and prosperity to Bolivia.

Colin Burgon: The Minister will be aware that Bolivia is the poorest country in Latin America, but at last under Evo Morales it has a Government who are committed to addressing the huge economic and social inequalities in that country. Will my hon. Friend take the opportunity to send a clear message to the separatists in Bolivia, who have engaged in violent conduct culminating in the Pando massacre, that any attempt by them to overthrow the democratic will of the Bolivian people, as expressed in the January referendum, will have no international support whatever?

Gillian Merron: As the House knows, my hon. Friend is a great friend of the Bolivian people. I share his concern about the recent violence and deaths in Bolivia, which have no place in a peaceful and democratic society. The best way to resolve those issues is through diplomacy, dialogue and democracy. That is why I very much look forward to the referendum at the end of the month and stress our strong support for democracy in Bolivia and our full recognition of the democratically elected Government of Bolivia.

Mr. Nigel Evans (Ribble Valley) (Con): We must recognise, though, that within Bolivian society there have been many political clashes and unrest. One of the last clashes led to more than 15 people being killed and 100 people going missing. Although we hope for a peaceful referendum on 25 January, can the Minister tell the House what guidance she has given to British people living in Bolivia in order that they can be secure and safe in the run-up to the referendum?

Gillian Merron: The hon. Gentleman is right to refer to the considerable violence and tension that there has been. We have a difficult year ahead, but I believe that there are prizes to be won. The involvement of our high commissioner in the process, along with the EU, has been welcomed. We continue to keep an eye, as we do in all countries, on our consular advice to British people, whose safety is always our primary concern.

Iran

5. **Mrs. Nadine Dorries** (Mid-Bedfordshire) (Con): What recent assessment he has made of Iran's nuclear programme; and if he will make a statement. [246479]

The Minister of State, Foreign and Commonwealth Office (Bill Rammell): We remain seriously concerned about Iran's nuclear activities. It is difficult to believe its claim that its nuclear programme is intended for purely peaceful purposes. Iran continues to enrich uranium and to increase its capacity to enrich uranium in defiance of five UN Security Council resolutions. It is failing to co-operate fully with the International Atomic Energy Agency. We will continue to work closely with international partners to persuade Iran to suspend enrichment and to engage in substantive negotiations, leading to a diplomatic solution to the issue.

Mrs. Dorries: We are all aware that Iran trains, supports and arms Hamas in Gaza and Hezbollah in Lebanon. Given that it is reported that Iran will be nuclear-ready by the end of this year, what steps are being taken to ensure that Iran does not enable its favoured terrorist groups to make use of its impending nuclear capability?

Bill Rammell: That is a real issue of concern. We remain fundamentally committed to resolving it diplomatically and to the E3 plus 3 dual-track strategy, but that means, bluntly, that Iran has a stark choice. There will be increasingly tough sanctions to persuade the Iranians to change course. However, if they take the alternative path, there can be a dialogue that will lead to full negotiations if the Iranians suspend their enrichment-related activities. That is the argument that we are putting forward. That is the offer that we are seeking to get Iran to engage with, and we will be looking to work on that with the new US Administration when they are formed next week.

Paddy Tipping (Sherwood) (Lab): Given that the Russian Government have some relationship with the Iranian regime and considerable nuclear expertise, what discussion is my hon. Friend having with Russian counterparts to bring forward in Iran a nuclear programme that is for domestic purposes only?

Bill Rammell: That is a regular feature of our discussions with Russia. As part of the E3 plus 3 process, an offer is on the table from Russia to secure on an external basis Iran's reported civil nuclear needs. That is why I strongly urge Iran to take the offer that is on the table, engage and find a resolution to the issue.

Mr. Gregory Campbell (East Londonderry) (DUP): The middle east region is a powder keg at the moment. Given the basis on which the overthrow of Saddam Hussein took place in Iraq, what assurances can the Minister give the people of the United Kingdom that the information that he is giving about Iran is accurate and dependable?

Bill Rammell: It is clear that Dr. el-Baradei from the IAEA has reported on Iran four times since 2008. It is also clear that Iran kept its nuclear programme hidden from the world for two decades before it was exposed in 2002. There are outstanding issues for which the IAEA has asked for an explanation but those explanations have not been forthcoming and that is why I believe strongly that the situation is very serious indeed.

Mr. David Lidington (Aylesbury) (Con): The Minister talked about the need for tougher sanctions and we agree that such sanctions are needed to complement what we hope will be direct United States engagement with Iran. But will he not share my dismay that we still have no EU-wide ban on either export credits guarantees or on new investments in Iranian oil and gas? Have the Government now given up hope of achieving EU agreement on such measures, and if not, when does he think they will be agreed?

Bill Rammell: No. We have been at the forefront of arguing coherently and strongly that to make this dual-track strategy work, the sanctions need to be as robust and effective as possible. The EU, at our prompting, has gone beyond the rest of the international community, for example, freezing the assets of more entities, including Bank Melli. But I take nothing off the table. We will keep trying to ensure that the stick of sanctions is as strong and effective as possible to encourage and persuade Iran to take the fork of diplomacy.

US Secretary of State

6. **Sir Malcolm Rifkind** (Kensington and Chelsea) (Con): When he expects first to meet the incoming US Secretary of State. [246480]

The Minister of State, Foreign and Commonwealth Office (Bill Rammell): My right hon. Friend the Foreign Secretary looks forward to a close working relationship with the incoming US Secretary of State following the President's inauguration, which will of course involve face-to-face meetings in the US, the UK and elsewhere. He has already spoken to her by telephone.

Sir Malcolm Rifkind: When the Foreign Secretary first meets Hillary Clinton, will he stress to her that the closure of Guantanamo, the ending by the United States of extraordinary rendition of suspects to countries with dubious human rights records, and the total abolition by the United States of torture such as water-boarding as a US army interrogation technique, will restore to the US the moral leadership of the world, a leadership that has been sadly eroded over the last eight years?

Bill Rammell: I understand the force of conviction with which the right hon. and learned Gentleman puts forward those arguments. President-elect Obama has particularly made clear his intention to close Guantanamo Bay, something for which we have argued for a long time, and that will help to reinforce the legitimate leadership position that the US has within global affairs.

Mr. Andrew Love (Edmonton) (Lab/Co-op): May I urge my hon. Friend when he meets the Secretary of State to raise the issue of Cyprus? I do so for a particular reason. *[Interruption.]* Wait until you hear it. Both communities are committed to a peace settlement, yet the negotiations have stalled, and they have done so because the other parties to such an agreement are not actively involved. Both the US and the UK have great purchase with those countries. I think particularly of Turkey and Greece. This would be an opportunity for the US to have an early win in the new Administration. May I urge my hon. Friend to raise that?

Bill Rammell: I know that my hon. Friend takes a genuine interest in these matters, and we continue to work with both communities for a resolution of the issue within Cyprus. This will be one of a long list of issues that President-elect Obama will have to address. My right hon. Friend the Minister for Europe will visit Cyprus in February when I am sure that the issue will be considered.

Mr. Michael Ancram (Devizes) (Con): Can the Foreign Secretary remind the Secretary of State, if she needs reminding, of the enormous popularity and support that President-elect Obama has within the continent of Africa? Can the Foreign Secretary urge her to use that support and influence, particularly with the South Africans, to bring about the end of the terrible tyranny of Robert Mugabe in Zimbabwe?

Bill Rammell: I agree with the right hon. and learned Gentleman. It is critical that the genuine crisis that is taking place in Zimbabwe is brought to an end. Regional neighbours within Africa have a particularly important role to bring to bear in making it abundantly clear to Robert Mugabe that the current conduct is completely and utterly unacceptable.

Mr. Denis MacShane (Rotherham) (Lab): To paraphrase John F. Kennedy, rather than keep asking what America can do for us, should we not seek here in Europe to say what we can do to work with America to solve pressing problems on the economy, the environment, Russia, the middle east, Afghanistan and, indeed, Africa? To achieve that, can the Foreign Secretary work towards a more united, coherent Europe, because the last thing that President Obama needs is 27 nationalistic European foreign policies—the ideology of Opposition Front Benchers?

Bill Rammell: As on many issues, I very much agree with my right hon. Friend. There is a real risk in some quarters that people feel that, with the passing of President George W. Bush, all the difficult issues in the international community will disappear. There is an important necessity for the international community to work together on these issues, and that means that Europe needs to come together with the United States of America. That was one of the issues discussed at the General Affairs and External Relations Council last week.

Mr. William Hague (Richmond, Yorks) (Con): Right at the top of the agenda with the new Secretary of State must be strategy in Afghanistan. Given the expectation that the United States will ask its allies to send more forces to Afghanistan, when will the House be informed of the outcome of the Government's own review of Afghanistan strategy, which the Minister said in November would be completed in 2008, with the House informed of the implications of the assessment? Will he accept our calls for regular quarterly updates to Parliament on the strategy, objectives and progress made in Afghanistan so that, with thousands of our troops deployed and serious casualties being suffered, the nation gets the transparency from the Government and in Parliament that our commitment to Afghanistan warrants?

Bill Rammell: That review is ongoing, and we will report to the House at the appropriate time. We have regularly updated the House on the situation in Afghanistan. It does have a military component, but a military solution on its own will not succeed. That is why we are working in the way that we are, and this is one of the issues on which we will work exceedingly closely with the new Obama Administration.

Middle East Peace Process

7. **Rosie Cooper** (West Lancashire) (Lab): What assessment he made of progress in the middle east peace process during his visit to the region in November 2008. [246481]

The Minister of State, Foreign and Commonwealth Office (Bill Rammell): Recent events in Gaza have highlighted more than ever the importance of a two-state solution for any decent vision of the future. The Israelis and the Palestinians must continue to negotiate in 2009. We must make the case, too, for a comprehensive approach to resolving the conflicts in the middle east. The Arab peace initiative is an important basis for progress. Real peace will come only when Israel and the whole Arab world are at peace. That means making progress at the same time on establishing a Palestinian state and on other sources of conflict, notably the Golan heights and stability in Lebanon.

Rosie Cooper: In commending the Foreign Secretary for his key role in drafting the United Nations Security Council resolution seeking to end the devastating violence in Gaza and southern Israel, may I ask what assurances my hon. Friend can give that any new ceasefire agreement will be long-lasting and will serve as a real basis for peace talks in 2009?

Bill Rammell: My hon. Friend's question hits on a very important issue. We will certainly do everything that we possibly can to get that durable and sustainable ceasefire, but we do not have the power to mandate it. We are using every ounce of political and diplomatic capital at our disposal, but ultimately to get that sustainable ceasefire we need words to be translated into action—and that means action on the part of Hamas and the Government of Israel.

Willie Rennie (Dunfermline and West Fife) (LD): At the last count, there were more than 600 checkpoints, barriers and fences in the west bank, which undermine human rights, freedom and the economy in that part of the world. What pressure are the Government putting on the Israeli Government to reduce dramatically the number of those barriers?

Bill Rammell: We are constantly pressing that issue with the Government of Israel. I visited Hebron during my visit just before Christmas and highlighted those concerns. The crossings and the settlements that are illegal on occupied territory are among the components that must be addressed in any lasting peace resolution in the middle east.

Mrs. Louise Ellman (Liverpool, Riverside) (Lab/Co-op): Last week, Hamas leader Mahmoud Zahar broadcast that Hamas was entitled to kill Jewish children anywhere they could be found, anywhere in the world, echoing the messages of hate in Hamas's charter. Does the Minister believe that those people who challenge Israel's right to defend itself from Hamas's rockets understand the true nature of Hamas as set down in its charter and as shown by its actions?

Bill Rammell: I agree with the underlying thrust of my hon. Friend's question; Hamas is not a benign organisation. It is committed to the obliteration of the state of Israel and to acts of terror. The statement that was made last week saying that it was now legitimate to attack Jewish children anywhere in the world was utterly chilling and utterly wrong.

Mr. Geoffrey Clifton-Brown (Cotswold) (Con): If it is the case that Iran is using Hamas as its proxy to attack Israel by supplying rockets, what further representations are the British Government making to Egypt to try to control the flow of rockets into Gaza through the tunnels and via the Rafah crossing?

Bill Rammell: I said earlier that to get a durable, sustainable and immediate ceasefire, one of the critical issues that must be addressed is the flow and the smuggling of weapons across the border, particularly at Rafah. That is why we have constant dialogue with all the parties, and critical discussions are taking place in Egypt at the moment.

Mr. John Heppell (Nottingham, East) (Lab): Will the Minister assure us that, rather than being diverted by Gaza, more attention will be given to the west bank? Should we not redouble our efforts to get some sort of move forward in the west bank, so that it can be used as an example to show Israelis and Palestinians that it is far easier to make progress through negotiation than through conflict?

Bill Rammell: My hon. Friend makes a powerful point. Over the past year, genuine progress has been made on building and bolstering the authority of the Palestinian Authority in the west bank. Above all, we need to make progress on all fronts, because until we resolve the conflict in the middle east, we will not resolve many other conflicts in the world.

Somalia

8. **Mr. David Evennett** (Bexleyheath and Crayford) (Con): What recent assessment he has made of the political situation in Somalia; and if he will make a statement. [246482]

The Parliamentary Under-Secretary of State for Foreign and Commonwealth Affairs (Gillian Merron): The President resigned on 28 December 2008 and a permanent successor has yet to be selected. The transitional federal Government and the opposition Alliance for the Re-Liberation of Somalia have agreed to form a unity Government. We hope these changes will help to promote the peace process.

Mr. Evennett: We are all deeply concerned about the humanitarian crisis, but piracy off the coast of Somalia is helping to pay for, and therefore perpetuate, the war in that country. What progress can the Minister report on minimising that source of instability?

Gillian Merron: The hon. Gentleman is quite right to talk of the humanitarian crisis, which is indeed a tragedy in Somalia. I can assure the House that the UK has made progress by co-sponsoring UN Security Council resolutions 1816 and 1838, which called for measures to combat piracy off the coast. We are working on military options through the EU and NATO, and we are specifically working on what our naval contribution can be. The EU has a naval counter-piracy mission off the coast of Somalia, and the UK is providing the commander and the operation at HQ. Tomorrow, in New York, a new international contact group will meet to discuss international efforts in this regard.

Mr. Clive Betts (Sheffield, Attercliffe) (Lab): While there is chaos in Somalia, will my hon. Friend recognise that to the north of that country, there is a small and young democracy called Somaliland? It is struggling against appalling and great odds, but doing so very well, to bring stability to that part of the world. However, it is not recognised by the international community and has received very little international help. Will she start to work with other members of the EU, with the United States and with members of the African Union to see how we can get recognition for Somaliland? Will she accept that Mogadishu is de facto not the Government there, and that it should not be the Government de jure either?

Gillian Merron: As my hon. Friend will be aware, we do not currently recognise Somaliland as an independent state, and neither does the rest of the international community. The UK has signed up to a common EU position and to many UN Security Council presidential statements that refer to the territorial integrity and unity of Somalia. Nevertheless, I assure my hon. Friend that the UK is well aware of the position of the authorities and the people who live there, and of the opinion within Somaliland which itself is very divided.

Mr. Keith Simpson (Mid-Norfolk) (Con): By every criterion, Somalia is a failed state. There are horrendous activities by different groups of armed individuals, with an appalling impact on the local population. The Minister has said that hopefully the transitional federal Government will come up with an answer, but does she see the Islamists playing any part at all in that? Many people on the ground, particularly the non-governmental organisations, believe that the only way in which the Government can be got back on track to any degree is through some form of involvement by at least some of the Islamist parties.

Gillian Merron: The truth is that we are in the very early stages, as the hon. Gentleman will be aware, and that our best hope of turning the country around is to create effective government and to improve security and humanitarian access. We work consistently on all those matters. It is true that we need a more inclusive Government, and we hope that there will be many opportunities for that through the unity Government. It is right that I welcome the engagement that has taken place with clan leaders and the business community, which had previously not happened. Inclusiveness will be the way forward.

Topical Questions

T1. [246500] **Mr. Paul Burstow** (Sutton and Cheam) (LD): If he will make a statement on his departmental responsibilities.

The Minister of State, Foreign and Commonwealth Office (Bill Rammell): The Foreign Secretary set out to the House yesterday our determination to achieve an immediate and sustainable ceasefire in Gaza. The situation remains deeply concerning. Since the statement yesterday, the Palestinian death toll has passed 900 and dozens more rockets have been fired into Israel. As I said earlier, the Egyptian efforts to find a way forward remain critical, and we continue to expend every ounce of energy to support those efforts, secure greater humanitarian access and bring the conflict to a close.

Mr. Burstow: I am grateful to the Minister for his response. Quite rightly, the eyes of the world are focused on the humanitarian crisis in Gaza. However, I should like to refer to another humanitarian crisis, which was marked only yesterday by the attendance of thousands of mourners at the funeral in Sri Lanka of a newspaper editor who was murdered last week. Intimidation and violence are the hallmarks of Governments who do not respect the freedom of the press. Some 70,000 people in that country have died in the conflict and many have fled their homes. There have been press reports suggesting that the Liberation Tigers of Tamil Eelam are on the verge of being defeated by the military. If that is so, what additional steps will the Government take to ensure that the minority Tamil population really do have their human rights respected, and that peace and justice prevail?

Bill Rammell: I agree with the hon. Gentleman. We are extremely concerned about the increased military hostilities in northern Sri Lanka and their humanitarian impact. We condemn in the strongest possible terms the continuing acts of violence and intimidation against the media, including the killing of the chief editor of the *Sunday Leader* on 8 January. We have put our views forward forcefully, and my noble Friend Lord Malloch-Brown is very much engaged on the issue. We shall continue to do everything possible to bring about a settlement.

T4. [246504] **Mrs. Anne McGuire** (Stirling) (Lab[illegible]th the world's attention understandably focused on the middle east, can the Minister assure the House that the peacekeeping and relief mission in the eastern Democratic Republic of the Congo will continue to receive requisite attention? Can she report to us what progress has been made on finding the necessary reinforcements for the UN troop forces in the eastern DRC?

The Parliamentary Under-Secretary of State for Foreign and Commonwealth Affairs (Gillian Merron): I can assure the House and my right hon. Friend that the UK does indeed remain very active in the region, and will continue to do so without being diverted. We are encouraging the work of the UN Secretary-General's special envoy, and just yesterday my noble Friend Lord Malloch-Brown, the Minister for Africa, spoke to him to offer our further assistance. We continue to provide the substantial humanitarian assistance that is so desperately needed and to reinforce the work of MONUC, the United Nations mission in the Democratic Republic of the Congo.

T2. [246502] **James Duddridge** (Rochford and Southend, East) (Con): In what circumstances do UK Foreign and Commonwealth Office civil servants need ministerial approval to meet Department for International Development staff members?

Gillian Merron: If the hon. Gentleman has a specific example to draw to my attention, I will investigate it, but what the House needs to know is that there is close working between the Department for International Development and the Foreign and Commonwealth Office, endorsed by Ministers and led by officials.

T7. [246507] **Kerry McCarthy** (Bristol, East) (Lab): I share my hon. Friend's concern about the impact of piracy off the Somalian coast, but do Foreign Office Ministers share my concern about reports that people are taking advantage of lawlessness in Somalia to dump toxic waste, perhaps even nuclear waste, in the seas and to fish in Somalian waters? Will my hon. Friend tell the House what the Government plan to do about that?

Gillian Merron: I certainly share my hon. Friend's concern about that illegal activity off Somalia's coast, which impacts negatively, as she is aware, on the marine environment and on the livelihoods of those who depend on it. That can push them into crime, which may mean piracy. As I said earlier, a new international contact group on piracy will meet in New York tomorrow, and we will discuss with our international partners whether the group may be an appropriate forum to consider that serious problem.

Mr. Edward Davey (Kingston and Surbiton) (LD): Does the Minister agree that although we and the world are naturally focused on Gaza, we must keep up the pressure on President Mugabe in Zimbabwe? We share the frustration that, without South African support, we seem powerless to push Mugabe from power. Will the Minister, perhaps with colleagues in the Home Office, therefore consider the plight and concerns of Zimbabweans here in the UK, not least following today's allegation to the Prime Minister from Citizens for Sanctuary? More than 11,000 Zimbabweans are destitute in the UK today with no right to work and no access to benefits. Can she not see that we are missing a massive opportunity to prepare for a post-Mugabe Zimbabwe by not allowing those talented people to contribute to the UK while they are here?

Gillian Merron: I am sure that the House agrees that the continuing political impasse is a direct result of Robert Mugabe's abuse of power. I assure the House that we shall continue with our intense diplomatic activity, including pressing for further targeted sanctions from the EU, and that our humanitarian commitment continues. The hon. Gentleman is aware from his discussions with the Minister for the Middle East and Africa that no Zimbabwean asylum seekers are forced to return home against their will. We are still hearing and granting claims for asylum from Zimbabweans in the UK, and we are providing measures to ensure that they are not destitute. All are treated with respect and humility, but if the hon. Gentleman or other right hon. and hon. Members have examples, I shall be pleased to consider them.

T8. [246508] **David Taylor** (North-West Leicestershire) (Lab/Co-op): As European reliance on Russian gas is likely to increase over the next decade and more, can the Minister assure the House that the European Union will not be persuaded to ignore the diplomatic and social consequences of the stagnation in Russian development because of fear of jeopardising domestic energy needs?

The Minister for Europe (Caroline Flint): That is a very topical question. Gas supplies from Russia have been switched on, but I understand that there are technical difficulties in getting energy through to families. I was at the informal General Affairs and External Relations Council last week when I heard my Bulgarian and Romanian colleagues talking about the many families who are affected. The matter is serious. Although Russia is the largest external gas supplier to the EU, it is far from being a monopoly provider. We shall continue to support EU efforts to diversify supply routes and sources, as well as looking for alternatives and energy efficiency. We must also step up efforts to improve gas interconnections and to move to a more liberalised market. In that way, we can ensure that we have the necessary security and diversity.

We have embarked on negotiations for a new agreement to replace the existing partnership and co-operation agreement with Russia. It is in the interests of the UK and the EU to have a rules-based relationship, and the new agreement will cover several areas, including trade and how Russia will work with the EU, as well as human rights and democracy. We look forward to continuing those necessary discussions.

T3. [246503] **Dr. Julian Lewis** (New Forest, East) (Con): Just over a month ago, the President of the European Commission stated that the people who matter in Britain are increasingly in favour of our joining the single currency. Is there anything that one of the Foreign Office Ministers here can say to reassure the 71 per cent. of the British people who were reported in a BBC-ICM poll as being against our joining the single European currency that none of the people who matter in Britain is a member of the Labour Cabinet?

Caroline Flint: As I made clear on 1 January on the "The World at One" when that poll was put to me, I totally agree with the people who said that they did not think that entering the euro was a priority for Britain at the present time. That view is shared by this Government, but it is also shared by businesses and others. We need to focus on the need to tackle this global economic challenge. That is why I am pleased to say that we have unity in the 27 member states in Europe. Our German colleagues have just announced a huge fiscal spending package, which I am afraid leaves those on the Opposition Benches lost for answers as to what they would do as we endeavour to ensure that we meet the challenge that families and businesses are facing in Britain today.

T9. [246509] **Rosie Cooper** (West Lancashire) (Lab): Does the Minister welcome the determination of the incoming US Administration to treat the relationship between Afghanistan and Pakistan as a top priority?

Bill Rammell: I very much agree that the relationship between Afghanistan and Pakistan is a top priority. There is an improved relationship between those two countries and it is one that we very much want to support and develop. I have no doubt that, with the formation of the Obama Administration, that relationship will be one of the highest priorities.

T5. [246505] **Mr. Edward Leigh** (Gainsborough) (Con): The Minister will recall that following my visit to northern Iraq, I raised the issue of the persecuted Christians of Iraq, who have suffered terribly in the past four years. Many have been murdered even since September. Often persecuted minorities benefit from being talked about on the Floor of the House, so will the Minister use this occasion to voice his concern and say that he will leave no stone unturned in giving them safety and security in their villages in the Nineveh plains?

Bill Rammell: I know that the hon. Gentleman takes a genuine interest in these issues, so let me say to him, as I said in that Adjournment debate, that there are real concerns about the position of Christians, particularly in Mosul. I and the Government have very much welcomed the Government of Iraq's robust response. Christians are now returning, but this is an issue on which we will continue to work with the Iraqi Government to ensure that the constitution of Iraq, including article 41, is upheld and that Iraqi Christians are safe and secure.

T6. [246506] **Mr. Alistair Carmichael** (Orkney and Shetland) (LD): May I welcome the Minister's earlier restatement of the Government's support for the closure of Camp Delta at Guantanamo Bay? Can he confirm whether the Government will accept the return to this country of former Guantanamo detainees, if necessary as part of that closure process?

Bill Rammell: I reiterate what I said earlier: we very much welcome the statement from President-elect Obama about closing Guantanamo Bay. There is currently no request on the table from the US Administration. Our focus remains the two UK residents and securing their release from Guantanamo Bay. Partners of the United States will undoubtedly want to look at how we can work to ensure the closure of Guantanamo, but our overriding concern as a nation will remain the safety and security of our nation and its people.

Mr. Gordon Prentice (Pendle) (Lab): Is it not plain as a pikestaff that Israel is in breach of article 2 of the trade association agreement with the European Union, which is the world's biggest importer of Israeli goods? Why can we not suspend the trade agreement forthwith, as suggested by my Friend the Member for Milton Keynes, South-West (Dr. Starkey)?

Bill Rammell: As I said to my hon. Friend yesterday evening, we do not see sanctions as the route to the desperately needed ceasefire. Also, whatever our view might be, there is no appetite elsewhere in the European Union for sanctions. Our position has been clear and unequivocal: we need a ceasefire. That requires words to be translated into actions, and that means action from Hamas and from the Government of Israel.

Mr. Paul Goodman (Wycombe) (Con): The Minister with responsibility for the middle east will be acutely aware that what happens abroad can have consequences at home. Given the rise in anti-Semitic incidents in Britain since 27 December, including an attempt to burn down a synagogue, and given the attacks on Muslims and mosques that have taken place since 9/11, will he tell the House what discussions he has had with domestic Ministers to ensure that they at least try to get Jewish, Muslim and other organisations to talk to each other at this difficult time? Also, does he agree that, while it is entirely right for people to march, protest and demonstrate if they feel so moved, violence and intimidation must be left outside the door of our common British home?

Bill Rammell: I strongly agree with the hon. Gentleman. The Government and I deplore anti-Semitic attacks and anti-Muslim attacks. I also agree with the underlying thrust of his question. Inter-faith and inter-community dialogue is desperately important. Last week, Ministers from elsewhere in Whitehall and I met a number of Israeli and Muslim groups from within this country to ensure that they were aware of our views and of what the British Government are doing to try to achieve the ceasefire in the middle east that is so desperately needed.

Saving Gateway Accounts Bill

Second Reading

3.32 pm

The Chief Secretary to the Treasury (Yvette Cooper): I beg to move, That the Bill be now read a Second time.

It is a pleasure to open the debate on the Saving Gateway Accounts Bill. The Bill will create a national saving gateway scheme, starting in 2010, giving 8 million people on low incomes the chance to save, with Government help, and I hope that it will have the support of hon. Members on both sides of the House. The aim is to give those on the lowest incomes help to start saving, to kick-start a saving habit among those who are often the least likely and least able to save, and to bring people into contact with mainstream financial services, some of them for the first time.

Ms Sally Keeble (Northampton, North) (Lab): I am grateful to my right hon. Friend for giving way this early in her speech. I very much welcome the Bill. Does she accept that people on carer's allowance are often among those on the lowest incomes? Will she extend the saving gateway provisions so that they apply to those people as well?

Yvette Cooper: My hon. Friend might be aware that many carers will be covered by the saving gateway. Certainly, those on the lowest incomes will be covered. The Bill, as it stands, provides for a particular set of benefits and tax credits to be covered. It also allows for an extension to cover other benefits and tax credits in the future. It is right that the Bill should have that flexibility. At this stage, we have concentrated the focus of the saving gateway on people of working age who would most benefit from the support and incentive to start saving for the first time. The provisions are being aimed at those who have no savings, who are often the most vulnerable as a result.

We know that the lower a household's income is, the lower its savings tend to be. For example, the most recent family resource survey shows that 24 per cent. of households have no savings. While that includes some households that lack savings only for a short time or for a particular period, it also includes households on the lowest incomes that never manage to build up savings and that might be most in need of savings to deal with the financial problems that can occur from time to time in everyone's life.

Mr. James Plaskitt (Warwick and Leamington) (Lab): My right hon. Friend has been talking about the client groups that might be referred to the saving gateway. I am sure that she is aware that our colleagues in the Department for Work and Pensions have been preparing the reform of the social fund. Many of the clients of the social fund are exactly the same people who will qualify for the saving gateway. Is she having discussions with that Department about the opportunities that the Bill might give us to refer people making social fund applications to the saving gateway, so that our dialogue with them can do more than just deal with their present emergency, and perhaps enable them to move towards accessing better financial services in the long term? The gateway might provide a means for them to do that.

Yvette Cooper: We are in discussions with the Department for Work and Pensions about a series of ways in which we can help those on the lowest incomes. He is right that in many ways the approach of the saving gateway is to encourage people to put a little by to deal with the sort of problems that can end up driving people to ask for help from the social fund because they have no savings. If somebody's fridge breaks, for example, and they need to buy a new one, but do not have any way to make ends meet or any savings to draw on, it will be much harder for them to do so. I will certainly pursue my hon. Friend's specific point about whether different referral points could be considered. The intention behind the gateway is that people will be contacted and told that they have entitlement at the point at which they begin to claim a benefit or tax credit. When the scheme starts, there will be an initial wave of needing to contact everyone who is currently on benefits, but I will discuss my hon. Friend's points further.

Bob Spink (Castle Point) (Ind): Before the Minister moves on to the body of her speech, may I welcome the principle of the Bill, which is absolutely right at this time? The recent VAT cuts were designed to encourage spending and promote economic activity, and now we have this Bill, which is designed to encourage low-income people to save. Both are absolutely appropriate and both are right at this time, but how can we ensure that the target audience does not get a mixed message?

Yvette Cooper: The saving gateway is a long-term programme to help those on the lowest incomes. It will be implemented in 2010 and it is intended in the long term to help people who otherwise might not save at all to build up some savings. The VAT cut was introduced as a temporary fiscal stimulus in order to support the economy right now by putting money into people's pockets. Some will have to use the money they save from the VAT cut to pay down debts or deal with problems in their lives while others will be able to spend their money. It is part of a temporary fiscal stimulus, which is about supporting the economy in the short term.

Those on the lowest incomes are the least likely to have savings; 36 per cent. of households with weekly incomes of £100 to £200 and 43 per cent. of those with less than £100 a week have no savings at all. We all know the advantages that come from building up a stock of savings: they can provide people with independence and security if things go wrong and with comfort in old age, and make it easier to deal with unexpected events and to plan for things such as presents for the kids at Christmas or putting down a deposit on a house. We all know about the problems that can be caused by a lack of savings.

Mr. John Redwood (Wokingham) (Con): Can the Minister give us an indication of what sort of interest rate or return savers could expect from such an account if one were up and running today?

Yvette Cooper: Our approach is that the Government will match people's savings with an additional 50p for every pound saved, up to a certain monthly amount of about £25. Over time, people will be able to get a lot of support from the Government in response to the savings that they have put in. In addition—*[Interruption.]* Hon. Members are asking how that Government support would translate into an annual interest rate. Account providers may provide additional interest, but that will be a matter for the account holders. I urge those concerned to provide that interest, but the Government's matched contribution will match the contribution of the saver rather than the interest added by the account provider.

David Taylor (North-West Leicestershire) (Lab/Co-op): My right hon. Friend has been generous in giving way so early in her speech. On the basis of the figures she has given, she is making a very clear case that the Bill is a desirable and significant measure. It is certainly a simple measure, but is she happy that the eligibility criteria are wide enough? The Treasury impact assessment suggested that £130 million in the accounts would be doubled up by the Government to £260 million over a two-year period. That £130 million a year represents about one five-hundredth of the additional retail banking deposits in 2007, for instance. If the scheme is to be commercially viable, should not the criteria be widened beyond the groups that she has described?

Yvette Cooper: We believe that 8 million households will be eligible to set up a saving gateway account. The Bill provides for that eligibility to be widened, narrowed or otherwise changed in accordance with circumstances, but we think it right to begin by making the accounts available to the 8 million people who are on the lowest incomes who need and could depend on such support. Some of the pilots set up to examine different ways of widening eligibility found that those on higher incomes were more likely simply to recycle existing savings into the accounts. The purpose of this programme is to help those without savings to start saving for the first time, and to give them additional support and incentives.

We have wider programmes that support savings more generally. For example, 18 million people—one in three adults—have individual savings accounts, which provide tax-free savings. More than 4 million children have child trust funds, which the Government introduced to encourage and help families to build up assets for the youngest in our society as they grow, and to provide for their future. However, we believe that there is a case for a new incentive for people on lower incomes in addition to those schemes, and that is what the saving gateway is designed to provide.

John Penrose (Weston-super-Mare) (Con): The Chief Secretary is being very generous in giving way. May I pick up her point about eligibility and breadth? Have the Government any views or information on the persistence of the change in behaviour that they are trying to create? In other words, if they can create a saving culture among low-paid workers, how long will their assistance need to continue before that culture is ingrained and state interference—or state help—becomes unnecessary?

Yvette Cooper: One of the purposes of our pilots was to explore such issues. We concluded that people should be given help with the savings that they made each month for two years, and that at the end of that period they should be able to decide what they wanted to do with the sum, but an account would be available for it. The evidence from the pilots suggested that people continued to save after the expiry of the two-year period, but obviously people will make different decisions. Some people will decide that they have saved the money for a purpose, in order to buy or do something.

It is right for people to be able to make such decisions themselves, but we believe that the pilots had a significant impact. Those involved in them spoke very positively about the effects. One participant said:

> "We now realise the importance of saving for a rainy day or emergency...It's definitely made a difference."

A participant in the second pilot said:

> "They gave you that push forwards, they gave you that step forward that a lot of people find hard to take into saving. Once that happened, it was easier to carry on from there."

The outcome of the pilots, between them, was that people saved more than £15 million and earned more than £5 million in Government contributions. People did save more. In the first pilot, which involved a higher matching rate, the number of people saving regularly quadrupled, and the amount being saved each month doubled.

Mr. Gordon Prentice (Pendle) (Lab): Can my right hon. Friend extrapolate from the figures that emerged from the pilots how many of the 8 million eligible people would open a gateway account, and what percentage would move to mainstream financial organisations after two years?

Yvette Cooper: It is difficult to provide precise predictions about what the long-term consequences will be. We think that the results from the pilot were significantly strong, however, to justify introducing the scheme on a national basis. After the first pilot, 41 per cent. of the participants were still saving regularly three months after the first pilot finished, compared with only 16 per cent. who had done any saving before the pilot started. About 88 per cent. of those in the first pilot indicated an intention to continue saving. That was a significant response, but we should be clear that people will make their own decisions and will have different requirements and different needs that they need to fulfil with the money. We think that it is right to provide that support.

The aim of the scheme is not simply to support savings, but in many cases to encourage people to use mainstream financial services, often for the first time, to set up bank accounts. The Post Office, for example, has said that it will run a saving gateway account. People will be able to access mainstream financial advice and support and so on, too.

Mr. Andrew Love (Edmonton) (Lab/Co-op) *rose—*

Mr. Adrian Bailey (West Bromwich, West) (Lab/Co-op) *rose—*

Yvette Cooper: I shall give way to my hon. Friend the Member for Edmonton (Mr. Love) first, and I shall then give way again.

Mr. Love: I congratulate my right hon. Friend on introducing the Bill, which encapsulates the flexibility that she has talked about in how the accounts operate, and on the incentives built into the scheme to get people to save. Of course, one of the things that we have learned from the child trust fund experience is the difficulty of reaching the most difficult-to-serve group in the country. It will be extremely difficult to reach those 9 million people with the benefits that this saving

[Mr. Love]

can allow them to achieve. What efforts will my right hon. Friend make to ensure that the messages about the account are put across to that group?

Yvette Cooper: My hon. Friend makes an important point. To make the scheme as simple as possible to operate, people will be passported across from existing qualifying benefits and tax credits. They will not need to fill in a means-testing form, to complete a means test or to demonstrate in any way that they are eligible. They will not need to contact the Government. They will receive a notice of eligibility automatically from Her Majesty's Revenue and Customs, which will be operating the scheme. The gateway accounts will be offered by a wide range of providers. We have discussed the scheme with a wide range of institutions, and as I said, I am pleased that the Post Office will be making the accounts available through its branches. The chief executive of the British Bankers Association has said:

> "Britain's banks are committed to helping this vital initiative to work".

My hon. Friend is right that we will have to keep the subject under review and that some people will need more support than others.

We see the scheme as part of the wider programme of investment in financial inclusion more generally. We have provided support through more than £100 million that has been put into support for people through credit unions, advice services and debt services over the past few years. We have put in additional money as part of the pre-Budget report in order to help people to deal with the often difficult circumstances that they might face as a result of the global credit crunch. On all such occasions in future, we would want people to receive advice on whether they might be eligible for the saving gateway and on how they might be able to use it.

In the context of the wider work that we are taking forward around the Thoresen review, which was about providing people with generic, free advice about how to manage their money not just when they reach financial difficulties or crisis but in planning for the future, the savings gateway might be exactly the right thing for many people who are asking for that more general financial advice. We need to ensure that those schemes work together as well as possible.

Mr. Bailey: Will my right hon. Friend give way?

Sammy Wilson (East Antrim) (DUP): Will the Chief Secretary give way?

Yvette Cooper: I said that I would give way to my hon. Friend the Member for West Bromwich, West (Mr. Bailey). After that, I shall give way to the hon. Member for East Antrim (Sammy Wilson), but then I shall make some progress, as I am conscious that other hon. Members want to speak.

Mr. Bailey: I thank my right hon. Friend for giving way; she is being most generous. I welcome the Bill. It is vital, in my view, for targeting a section of the community that historically has not saved. We need to get it saving, not just for social reasons but for economic reasons. May I pick up on her point about providers? Given the fact that the sums of money involved are not terribly significant to the mainstream financial providers, although they are significant to the target clientele, will she confirm that she is talking with organisations such as mutuals, building societies and friendly societies, which have already demonstrated that they can be low-cost providers through the child trust fund, about whether they can deliver this product?

Yvette Cooper: My hon. Friend makes an important point. We are having discussions with a wide range of financial institutions, and we hope that credit unions, building societies and others will be able to offer these types of saving gateway products. He is right to say that that provision may fit with the other services and products that those organisations, especially the credit unions, already offer. We hope that the additional Government support being made available will enable them to offer these products more widely to people.

The provision of these saving gateway products by financial institutions is also a way to help people avoid some of the unregulated products that can cause difficulties. For instance, when Farepak collapsed just over two years ago, there was no protection for people under the financial services compensation scheme. In contrast, people who put money in through the saving gateway will get the additional support that comes with regulation and financial back-up.

Sammy Wilson: This important measure is intended to get people on low incomes to start saving and my party supports it, but in the pilot schemes, what percentage of those eligible actually took advantage of the opportunities being presented? Many of the folks who will be covered by the Bill probably find it hard enough to make ends meet day to day, so what lessons have been learned about what needs to be done to encourage eligible people to take up the opportunities being offered?

Yvette Cooper: I do not have the precise details of the answer to the hon. Gentleman's question, but we have published the results of the pilot schemes and they covered all these matters, including the level of take-up and how people responded to the measures. About 16 per cent. of those who did save said that they had been saving before the pilot scheme started, so there was a big increase in the number of people who saved who had not done so before, but I shall be happy to provide the hon. Gentleman with further information on that. We wanted the pilot schemes to try different approaches for the people who might be eligible, and to use different types of matching rates so that we could determine which worked best. It was on the basis of those pilots that we decided that the 50p matching rate would be the best, as it would enable us to use Government money to support as many people as possible and have the maximum impact on savings in the longer term.

Rob Marris (Wolverhampton, South-West) (Lab): Will my right hon. Friend give way?

Yvette Cooper: I will give way for a final time, but then I must make some progress.

Rob Marris: I am grateful to my right hon. Friend, who is always very generous. With reference to the question asked by my hon. Friend the Member for

Edmonton (Mr. Love), may I urge the Government to look at some inventive ways of reaching out to people? We all recognise that the Government have difficulty reaching the sort of people who one hopes will enrol in this scheme, whereas doorstep lenders, some of whom are sharks and charlatans, seem to be able to reach people on the estates. They are able to manage weekly collections and so on, and the Government, with all their resources, should be able to do the same, if they could be a little more inventive. May I therefore urge the Minister to adopt a certain level of inventiveness, and to use mechanisms such as credit unions as well?

Yvette Cooper: My hon. Friend is right that we need to guard against the exploitative approaches often adopted by loan sharks or other types of doorstep lenders. That is why we have taken action to clamp down on such practices, and why we are putting investment and support into providing people with different types of advice; for example, it might be possible to provide such advice through people's housing association or local council. Other sources of money help and advice at different times of people's lives might be Sure Start staff, or health visitors. We should not limit ourselves to the traditional services and approaches, because we want to make sure that the savings gateway is linked into our wider approach in respect of financial inclusion and the provision of advice, education and support on money matters.

Clause 8 sets out how the Government contribution will work. The maturity payment will be calculated on the basis of the highest balance reached during the account, which means that as savers build up money in their account they will also build up entitlement to the maturity payment, but they will not be penalised for withdrawing their money at any time. We think that is important to build confidence for those on the lowest incomes, so that if they have savings that they might need—perhaps in 12 or 18 months' time—they will have access to them and will not find that their money is tied up for the full two years until the maturity payment is made. That is the kind of important flexibility that will benefit people and encourage more of them to take up the scheme.

That approach has been widely supported by organisations working on financial inclusion and money support, by representatives of people on lower incomes and by the financial services industry. It has also had long-standing support, which I welcome, from the Treasury Committee, which said:

> "The introduction of a national Saving Gateway would be the most important single step towards achieving the aim of increasing saving among low-income individuals and households."

Our approach is to build up support for those of working age who need to consider saving for the first time. The Bill comes alongside other measures to look at how we can encourage people to save more for their pensions and for their future. I welcome the support and engagement that we have received from a range of bodies, from community groups to financial institutions.

The saving gateway offers a real incentive to save for working-age people on low incomes—a group with lower savings than the rest of the population and that needs them most. We think it is the right way to approach savings and support, providing help that could make a real difference to the lives of up to 8 million low earners, encouraging them to build a savings habit and helping to bring them into the financial mainstream. I hope there will be widespread support for those objectives both inside and outside the House, and widespread support for the Bill. I commend it to the House.

3.57 pm

Mr. Mark Hoban (Fareham) (Con): People might ask why, in the middle of a recession, when the Government are encouraging people to spend, they are proposing a Bill that encourages people to save, but I see it as long overdue recognition of the need for savings and the impact of the lack of savings on families today. No one should underestimate the importance of savings for families. Savings provide a cushion against financial uncertainty, especially in times such as these. They help people to take responsibility for their future and enable them to make purchases without relying on credit.

The culture of saving should never be seen as the preserve of the affluent. It is important that, when possible, people are encouraged to save, regardless of income. That message was brought home to me when I visited a credit union a couple of years ago. Staff told me that people were paying their benefit into their account and then withdrawing all of it, bar a few pence. When I asked why, I was told that it was a way for people on benefit to accumulate a small nest egg, to put aside some money for a rainy day or to meet unexpected expenses. People who might otherwise have turned to a loan shark or a pay-day lender could rely on their savings instead.

The Bill is helpful in tackling financial exclusion and encouraging savings, but it comes against a backdrop of low saving in the economy as a whole and an astonishing degree of complacency from the Government, who seem happy to allow the economy to grow on the back of debt rather than build sound foundations with a reasonable level of savings. Ministers challenged about the fall of the savings ratio from 9.6 per cent. in 1997 to 1.8 per cent. today seem to wear it as a badge of honour and as a sign of people's confidence in the Government's running of the economy. That hubristic attitude means that households are now badly placed to face the downturn: they do not have savings to act as a cushion against financial uncertainty. With the lowest savings ratio in 30 years and a third of families having no savings in 2006, compared with only one in 10 in 1997, families are ill prepared to cope with the financial shocks that many face today.

There is evidence of families in financial distress turning to their credit cards for short-term help; they are even being encouraged to use credit cards to pay their council tax, because they have no savings to dip into. That is a symptom of an economy built on debt and a culture that depends on debt to fund a lifestyle. What we need to move towards is an economy built on savings—savings that provide investment in industry, as well as a cushion for people's future and savings that help people to provide for themselves as well as help them to face unexpected challenges in their income and outgoings. We must help people to rebuild their savings in good times to prepare them for bad times.

The Bill's narrow focus means that it will not help the vast majority of families and households to build up savings and protection for their future, because it is targeted very narrowly on people in receipt of benefits

[Mr. Mark Hoban]

or on low incomes. The Bill will do little to repair the savings culture in the UK, which the Government have allowed to decline over the past 11 years; nor will it help families to switch to paying for big-ticket items from savings rather than from debt, or restore saving as a mainstream habit rather than an eccentric interest. In short, it is no answer to our nationwide addiction to borrowing.

Mr. Redwood: Like my hon. Friend, I think it very important to encourage a savings culture. Did he notice how, when I asked the Chief Secretary what return people could expect on their savings, there was no answer? The concentration was on the bonus element from the Government. Do we not also need to concentrate on what return over the longer term people might enjoy on their savings?

Mr. Hoban: My right hon. Friend makes an important point. The Bill does not stipulate that the account provider should provide interest. In this time of low interest rates, I would expect account providers to pay relatively low—if any—interest, so savers will be dependent on the bonus on maturity to provide a return. One of the challenges that emerged from the pilot which the Chief Secretary did not mention was that some savers need to be advised that if they put their money into a straightforward savings account, they will not get the same rate of return as from a saving gateway account. Some financial education needs to be attached to the Bill's implementation to ensure that people know what rate of return they are likely to get when the account matures at the end of the two years.

The proposal is important in tackling the financial exclusion of families in receipt of benefits. It should provide an incentive to them for creating a saving habit.

Ms Keeble: The hon. Gentleman says that the Government have done nothing to encourage saving, but does he accept that measures such as individual savings accounts have provided some incentives in the tax structure for people to save? The saving gateway account helps people who do not pay tax—who are below that income threshold—so it makes an important addition to a suite of Government products to encourage saving.

Mr. Hoban: It is a welcome addition to a suite of products, but the savings rate in this country has fallen from 9.6 per cent. in 1997 to 1.8 per cent. today. The Government's measures have not been effective in encouraging people to save. If they had been, we would see more families with savings, not an increase in the number of families who have none. The Government's measures have not been effective in creating a savings culture. Instead, people have moved from seeing savings as a way of protecting themselves from financial uncertainty and unexpected changes in their income to depending far more on credit to see them through. We need to address the cultural change, which is one of the factors behind the decline in saving.

It is important that we give people an incentive to start a saving habit, and the gateway account recognises some important truths about the way people save. People are more likely to save more if the money is put into a separate account, rather than staying part of their current account, preferably with an incentive to discourage access. The scheme works in that way by rewarding savings with the 50p in the pound bonus based on the highest account balance. We understand and support the concept of heavily incentivising long-term savings, while recognising that people may need to withdraw savings to meet short-term needs—indeed, that concept underpinned the proposal in our 2005 manifesto of a lifetime savings account. There is some common ground in our understanding of the approaches that need to work if we are to encourage and rebuild the savings culture.

We need to ensure that the scheme can demonstrate a change in cultural attitudes—that it can encourage people to save. People must be able to save while the account is in existence, and they must be able to increase their net worth, not just over the saving gateway account period, but in future. We also need to make sure that banks, building societies, credit unions and the Post Office participate in and promote the scheme. Interestingly, the pilots indicated that the further away someone lived from a bank that offered the saving gateway account, the less likely they were to open the account. That is why it is important to ensure a network of providers.

In her opening remarks, the Chief Secretary to the Treasury said that the Post Office was interested in providing the accounts. It would be helpful to know which other institutions are prepared to set them up. Banks and building societies have said a lot of warm words in support of the saving gateway account, but I am not aware of anybody else who has made a definite commitment to establishing a saving gateway account.

The hon. Member for Northampton, North (Ms Keeble) mentioned the Government's other measures to incentivise savings. Stakeholder products were introduced following the Sandler review of savings, but take-up of some of the basic products has been poor because of flaws in their design. The child trust fund could contribute significantly to saving, but the proof will come when the fund starts to mature and we see what 18-year-olds do with the amount that has built up in their account.

Rob Marris: I think we know what they will do with it.

Mr. Hoban: I suspect that we all know what they might do with it, but perhaps we ought to think about how we stop young people doing that. How do we encourage them to reinvest the proceeds in savings, so that a positive benefit results from the child trust fund?

The saving gateway is another of the Government's initiatives—some of which have been successful, and some of which are unproven so far—to try to tackle financial exclusion. We have had to wait an awfully long time for the Bill, which was a manifesto commitment in 2001. The Minister has not really said why it has taken so long to get to this point; perhaps the Economic Secretary to the Treasury will explain why in his winding-up speech. There were two pilots before the scheme was approved last year, and it was re-announced three times.

Even today, after such a long gestation period, lots of details are missing from the Bill. A lot of the key points are deferred to regulations, but so far we have seen only two sets of draft regulations—on tax credits and on the definition of UK residents. When will we see the other draft regulations? Will we see them before the Committee sits in a couple of weeks?

Questions remain. The Bill does not require banks or other account providers to pay interest. We do not know whether there is an expectation that providers will pay interest. If there is, it will clearly be a financial disincentive to the providers who are setting up the accounts. We need to be clear about the Government's expectations. What will happen to the money in the account at the end of the two years? Will it automatically roll over into another savings account, or will it transfer to a current account?

Mr. Redwood: Again, it is such a pity that the Chief Secretary to the Treasury will not engage with this important issue. The Government appear to think that there will be some interest, because the worked examples show interest, albeit at a tiny rate, below even the current very low market rates. That is one of my concerns.

Mr. Hoban: I suspect that, despite the worked examples, the expectation is that no interest will be paid on the accounts and that the return for investors will purely be the matching bonus paid for by the taxpayer—not interest paid by the bank, the body with custody of the money. The return will be off the back of the bonus that the Government will provide.

One challenge, and one issue that we need to flush out—not necessarily today, but in Committee—is to understand the economics of the model for the provider. Will other bank account customers end up subsidising the provision of the saving gateway accounts? We need to understand the issue clearly, because the extent to which the product is uneconomic for banks will limit its availability. That was one of the lessons of the Sandler review on savings and basic stakeholder products: because it was uneconomic to provide them, no one did so. That undermined the Government's initiative to try to tackle financial exclusion.

John Penrose: Does my hon. Friend agree that if interest is not offered on those accounts, the following lesson or habit is likely to result? People will become subsidy farmers searching for bonuses from the taxman, rather than search for economic returns on their savings, so we will not necessarily succeed in creating a savings culture. Does he agree, too, that further to his earlier point about the distance that people must travel to account providers, if there is not sufficient local competition, especially where there is low bank penetration and there are not many branches, interest is even less likely to be offered?

Mr. Hoban: My hon. Friend makes a number of interesting points. Consumer access to banks and post offices selling those products is important. The only organisation that has indicated that it might launch the products is the Post Office, but post offices are closing across the country, and that makes it more difficult to find access points. It would be good to see a vibrant market, so savers must be given information and guidance about the accounts, enabling them to understand what will happen at the end of the two-year period and what standard returns they can expect from other savings accounts. They need to recognise that there is a value in savings that are not simply about returns, although they are important. We must look carefully at that, but my hon. Friend has made a brave bid to serve on the Public Bill Committee, and perhaps in its evidence session he will openly put some of those questions to witnesses. My hon. Friend the Member for Reigate (Mr. Blunt), who is the usual channel today, will have noted his comments with interest.

Sammy Wilson: I accept the hon. Gentleman's point about whether the accounts will pay interest, but the important thing is that there should be an incentive for people to start saving. If a 50 per cent. bonus is available, and even if in the first two years no other interest is available, that will be an incentive. If people wish to obtain a return after the two years have elapsed, they will have a fund of savings that they can put into an account that offers a return. The essential point of the initiative, however, is to give people the incentive regularly to start putting money aside. Will the hon. Gentleman at least concede that the Bill provides that incentive?

Mr. Hoban: We all share the Bill's laudable aims. Through that incentive, it will create a savings culture and encourage people to save regularly, giving them the confidence to plan their expenditure and protecting them from uncertainty. One of the challenges is to make sure that that happens, so we must consider what needs to be in place to ensure that it does. The Minister presented a rosy view of the pilots, but the outcome was not as clear-cut as she suggested, and I shall come on to that in a second. Yes, we want a strong savings culture to emerge from the measure, and for many people the bonus may be enough in itself to encourage them to save, but they must accept that they are likely to obtain a low return once the account matures.

Rob Marris: Before the hon. Gentleman generously accepted a series of interventions, he was discussing what would happen at the conclusion of the two-year period. I agree that clause 16 is not entirely clear, but if he turns, as I am sure he has, to paragraphs 81 and 92 of the explanatory notes, he will see that the Government's intention is that funds in the accounts should go into individual savings accounts.

Mr. Hoban: Yes, and the Bill certainly enables any roll-over to be treated as a subscription for ISAs, but it will be for account holders to decide what happens to the money—whether it goes into their current account or into a cash ISA. In many cases, the money will go into a cash ISA by default, which will have a lock-in effect. The evidence from the pilots was that many people were keen to put the money that they had built up into their current account and revert to more informal methods of saving.

I was about to raise some questions about the amount of interest that institutions have shown in the account. I dealt with that in my comments about the Post Office and the lack of any clear evidence from the banking sector of a willingness to participate in the scheme. Without interest from the financial services sector, it will be a challenge to make saving gateway accounts widely available.

There are questions that get to the heart of whether the scheme will work. Will it boost long-term savings, and will it change the behaviour of account holders? The pilot scheme demonstrated some benefits, but it

[Mr. Hoban]

demonstrated some challenges too. In an article that he wrote for this week's *Parliamentary Brief*, the Economic Secretary stated:

> "The evidence is that it works."

That is an emphatic statement, given that the pilots were not quite as emphatic as that. We know that user participation was high—seven out of 10 users contributed in 16 out of the 18 months of the trial run—but participation is not enough.

What are the long-term benefits? What are we getting in return for the quite generous bonus that we are giving to savers? For the scheme to work, first, the savings made under it must be new savings, rather than a transfer of existing savings with a match from the Treasury, and, secondly, at the end of the life of the saving gateway account, savers must continue to save through other financial products. In other words, saving must become a permanent feature of people's lives, not a one-off opportunity for a windfall.

In the second pilot, questions were raised about whether the scheme was effective in meeting those two objectives. First, there was no statistically significant evidence that, in delivering genuinely new savings, the saving gateway accounts delivered higher overall net worth. The number of anecdotes, rather than hard evidence, used to support the proposal is interesting. It appears that money was moved from one set of savings to another, perhaps from a current account to a savings gateway account, simply to secure the Government match. Despite offering a significant programme of financial education about the availability of saving gateway accounts, fewer than half the participants said that they would save all the money that they had accrued when their accounts were closed.

Financial capability is an important part of tackling financial exclusion. The accounts should not be opened unless support is available. There was substantial support in the second wave of pilots. We must ensure that people are equipped with the knowledge and skills to judge the trade-off between paying off debt and saving—how to manage their bills and to save. People need to understand that the generous incentives offered by the saving gateway account are not replicated in other savings accounts. Tackling financial capability will help with saving gateway accounts, but it should be seen as an important part of rebuilding the savings culture.

Tax incentives have a role in encouraging savings, as we recognised in our plans to scrap the basic rate of tax on savings for basic rate taxpayers in the 2009-10 fiscal year. That was a sign of our commitment to rebuild the savings culture. We also advocate an industry-funded national money guidance scheme to help improve financial capabilities. The Government announced today some partners in their roll-out of pilots, but the current financial crisis demonstrates how important it is that there should be a national money guidance scheme, so that people will be able to think more carefully about how they manage their money, so that they will be more likely to save and so that they will have greater confidence in savings and investment. There is a range of measures that we need to take if we are to rebuild the savings culture and the long-term health of the economy.

The saving gateway could be a valuable tool if the incentive to save through the matching contribution creates a savings culture and results in a long-term increase in net wealth, but we need to be bolder in our vision. If it is right to encourage people on benefits to save, should not we be looking for ways to encourage people across the income range to save for their future, to cushion them against unexpected changes in their income and outgoings? The Government's record in the past 10 years has been one of presiding over a collapse in savings. We have talked about the calamitous decline in the savings ratio since 1997 and we need a change in Government if we are to change Britain's savings culture.

4.20 pm

Mr. Jeremy Browne (Taunton) (LD): I am grateful to have the opportunity to contribute to discussion on a Bill that commands broad support in principle from hon. Members on both sides of the House. I share the concerns that others have expressed, including most notably the hon. Member for Fareham (Mr. Hoban), about the declining savings ratio in Britain, so in that regard the Bill is timely. We are now seeing the product of a decade of encouragement for instant gratification, excess consumption and excess credit. We are all now reaping the consequences of that in the form of a significant recession, which may last for an extended period. Therefore it is right to step back and consider how we can try to encourage a broader savings culture across all stratas of society and income scales.

I remember that when I was in my teens and becoming more interested in politics the big buzz phrase was "a share-owning democracy". I was supportive of that concept, as were other hon. Members who were here at the time and who vocalised their support, because in order to have a more socially mobile society and to have greater opportunity for people to have a stake in society, we need to ensure that more people have assets and do not live on a day-to-day or week-to-week basis in terms of their finances, and that they have a more entrenched and permanent stake in the society in which they live. If people look back, they will see that in the 1980s there was a broadening of the asset base in the UK, but it was largely, although not exclusively, broadened to people who could loosely be defined as middle class. There is nothing wrong with that. I make no criticism of that; I merely make the observation that many people on middle incomes who previously had not had assets acquired assets, particularly in state-owned companies—utilities—that were sold in the 1980s. Interestingly, this legislation seeks to improve the savings culture and incentives for people lower down the income scale who in most cases did not take advantage of the opportunities that presented themselves during that period.

Mr. Charles Walker (Broxbourne) (Con): Will the hon. Gentleman accept that most people's most important asset is their home, and in the 1980s millions of people were given the chance to buy their council homes, and that is now their most important stake in society?

Mr. Browne: For a lot of people their biggest and, at the moment, most rapidly depreciating asset is indeed their home, and home ownership increased substantially in the 1980s, although to be fair to the Government, home ownership has increased substantially again during this decade as well. The problem for some people is that if they bought their homes for close to the maximum mortgage that they were permitted to take out a year or two ago, they are probably now in negative equity, but I do not doubt that for millions of our fellow citizens their house is their biggest asset and they are very pleased to own a house, or at least part of a house, and to have a mortgage on the rest. However, with regard to the Bill, we are in many cases talking about people who would not realistically be able to afford a house, although they may use the scheme as an opportunity to try to put together a sum of capital that could conceivably be used as a deposit on a property.

Society is strengthened if savings and assets are widely spread. People may have views about whether the state should continue to own utilities, particularly monopoly-providing utilities, but leaving that to one side, the benefit was that people who previously did not have assets in society and a financial stake in society then did so. My party and I support the Bill because it extends those advantages, in a modest way, to perhaps the 10 or 15 per cent. of people at the lower end of the scale who would not have felt that they could participate in the savings culture in the past and may now see it as being attractive.

We should all welcome that, because savings give people greater security and independence. I venture to suggest that most of us in this Chamber have the flexibility to be able to afford a one-off surprise cost. The Minister gave the example of a fridge or a washing machine breaking down and needing replacing, or there could be a school trip where the parents wish for their son or daughter to go with the rest of their classmates but are expected to make a contribution to the cost. Enough leeway should be built in to ensure that they do not get to a day or two before pay-day and have to say, "I'm afraid we can't do that because we've run out of cash and are just trying to keep the machine running on empty until the next payment comes our way." They should not have to operate in that hand-to-mouth way in their personal finances. People on bigger incomes with some savings have the security of not having to do so. Inasmuch as this scheme helps people on lower incomes, it will be widely welcomed.

Rob Marris: Does the hon. Gentleman agree that another reason for welcoming such a scheme is that, in a small way, it redresses the balance as regards pensions? I imagine that almost all those who will be eligible have little or no pension provision. The state currently subsidises pensions to the tune of £18 billion a year through tax relief, which is available to an awful lot of people, but not to those who will be incentivised under the Bill. Those people will get a different kind of incentive from the state to save for the future.

Mr. Browne: The hon. Gentleman slightly diverts me from the path that I was taking, but he makes a good point. People such as Members of Parliament who qualify for tax relief at the higher rate get a large subsidy from the state to save for their retirement. Obviously, someone who does not have that level of income in the first place cannot qualify for that level of subsidy. That means that a lot of people reach retirement and have to be wholly or almost wholly reliant on the state pension, which makes it difficult for them to achieve a standard of living that they would wish to achieve having worked for perhaps 50 years up until that point.

Inasmuch as people can be encouraged to save, the scheme is clearly beneficial. As the hon. Member for Fareham suggested, we can try to encourage people not necessarily to say to themselves, when the scheme reaches maturity, "Oh, here is an opportunity to buy an item"—a new car, a new fridge, or whatever—so that money is still left over after they have dealt with the emergency contingencies. They may then continue saving and put the money into different schemes or initiatives. That will mean that they have a savings culture—a point touched on by the hon. Member for Weston-super-Mare (John Penrose)—instead of seeing the scheme merely as an opportunity to qualify for an enticing state-run, taxpayer-financed, one-off way of accruing a capital lump sum without acquiring a savings habit at the end because all the eligibility for taxpayer support has been exhausted. That would be a shame. The Economic Secretary will assist us if he gives a sense of how much the Government think that the scheme is going to stimulate a wider savings culture and whether he is satisfied that the pilot studies will achieve a multiplier effect in terms of the initial taxpayer subsidy encouraging beneficial behaviour many years down the line.

It is important for people to have a stake in society. This morning, I was in a debate in Westminster Hall initiated by the hon. Member for Nottingham, North (Mr. Allen) in which the right hon. Member for Chingford and Woodford Green (Mr. Duncan Smith) also spoke. They have both worked hard—one Labour Member and one Conservative Member—on early intervention and social exclusion. In all of our constituencies, even in those that might be regarded as being reasonably affluent overall, there are pockets of social exclusion and deprivation where people live on very low incomes with no sense of a wider time scale than beyond the end of the week or the end of the month. There is not a culture of people planning their finances for the longer term, or for their retirement, in that way. Many people who live in those circumstances have very modest incomes, so their scope for saving is curtailed, but we should welcome the opportunity for those people to embrace a culture of saving and seek to save as much as they reasonably can within the modest means available to them, and for the Government to incentivise and encourage them to do so, particularly if it leads to the longer-term change in outlook that I have touched on.

I would like to deal with a few related issues. It will be a problem for the scheme, and also for taxpayers, if those who are already saving transfer their funds into this initiative in order to qualify for the generous taxpayer assistance that it brings. The difficulty is trying to target those who would not save while not penalising those who have a slightly higher income or a slightly greater propensity to save. That is a difficult balancing act because we are creating a new kind of poverty trap where people are regarded as slightly too wealthy—even though, compared with most people, they are quite poor—or even too responsible to qualify for the scheme. There may be people on low incomes who nevertheless manage to find some scope for saving, and I would not want them to be in any way discouraged or penalised because they were already saving. We have to walk that tightrope to get best value for the taxpayer, while encouraging the maximum number of people who would not otherwise save. That requires a little second-guessing

[Mr. Jeremy Browne]

of how people might behave in the future. We can investigate and discuss those issues at greater length in Committee.

I am also concerned that the scheme should not be abused. In the case of a number of Government initiatives, parents can, with some creative accounting, ensure that one side of the couple holds all the assets and income, and that the other side of the couple—particularly if they are divorced, or not married in the first place—holds none of the assets. People who are effectively one financial unit may be able to qualify through one person's status and not the other's. I am not saying that anyone is perpetrating that abuse, but it is important that the scheme, and the taxpayers' money going into it, is targeted at people who will genuinely benefit from it, rather than at those who see it as an opportunity to qualify through spurious criteria. That means it is important that we ensure, when scrutinising the legislation, that any loopholes are ironed out in Committee.

Rob Marris: I say in passing that a member of the hon. Gentleman's Front Bench team was claiming tax credits a little while ago, but on his point, clause 3(2)(c) refers to someone on jobseeker's allowance. Does he agree that a more felicitous wording would be "income-based jobseeker's allowance", because millionaires can get jobseeker's allowance if they lose their job, for up to six months afterwards?

Mr. Browne: Not for the first time in one of these debates, the hon. Gentleman makes a precise, targeted point of exactly the type that I hope he will make more of if he sits on the Committee that considers the Bill. That is precisely what I was driving at. People in those circumstances—not committing fraud, or doing anything improper—could qualify for support in a way that most of us would regard as an inappropriate use of taxpayers' money. He alluded to my hon. Friend the Member for Northavon (Steve Webb); I do not know the details of the case, but that was another example of someone who was doing nothing improper, and all it did was serve to underline the fact that the basis on which tax credits were available to British citizens were too loosely drawn by the Government, and went too high up the income scale. He underlined the failings in the Treasury's initiative. That was precisely what I was driving at, and I am grateful for the intervention.

Earlier today, I showed a delegation of members of the Taunton Royal British Legion around the House. I told them that I was hoping to participate in the debate, and I told them about the nature of the Bill. Not all of them are of working age any longer, so some of the legislation will not apply to them directly, but they made the good point that they thought it unreasonable that the minimum starting point for premium bond saving was £100. I confess that I was not aware of that. I know that it is not directly related to the Bill, but it is indirectly related to it. They said that they would like to encourage saving—for example, by giving their grandchildren some premium bonds as a Christmas or birthday present—but were not in a position to give £100 of premium bonds. While considering the Bill, the Government need to examine other ways in which people on lower incomes may be prevented from saving or from participating in savings initiatives.

Finally, and directly related to the Bill, I wish to raise a small, procedural point. There is cross-party support for the Bill from the three largest parties and from the nationalist and Northern Ireland parties, but that does not mean that the Government should hope to pass a Bill that is so loosely drawn that it leaves questions unanswered and leaves things too open to interpretation. A number of matters are to be left to regulations, with 29 separate delegated powers in a Bill of only 32 clauses. I have a list of them, which is not exhaustive, and I might not even read to the end of it depending on how I judge the mood of other Members present.

If the Bill is passed unamended, the Government will be able, by regulation, to change the rules governing the issuance of a notice of eligibility; change the rules governing the approved institution criteria used by Her Majesty's Revenue and Customs; impose infinite compliance requirements on accounts in order for them to be saving gateway accounts; limit the size of monthly deposits; give HMRC unlimited powers to impose conditions or withdraw approval; design a true declaration to be included with each account application; decide on procedure and eligibility for account transfers; decide the level of the maturity payment; decide how long the account provider has to pay the account holder at the end of the maturity period; impose requirements relating to statements; decide when an account is no longer a savings gateway account; require account holders to submit returns to HMRC and decide on the time frame and content of those returns; force repayment if HMRC has overpaid to the saver; set a level of interest on payments to and by HMRC and the circumstances in which that will occur; exempt savings and payments from capital gains tax and income tax, and so on.

I am already getting bored of reading those out, but my point is that a lot of us will be uneasy about passing legislation if we are just assured by Treasury Ministers that everything will be okay, as we are all reasonable people who agree on a sensible way to go forward. That would be a recipe for problems down the line and our getting letters from constituents a few years hence asking why certain matters were not examined in greater detail during the passing of the Bill. The onus is on us to ensure in Committee that, although we share the Government's laudable objectives, the savings system is as practical, efficient and workable as possible, and the best possible value for taxpayers' money.

4.39 pm

Mr. John Redwood (Wokingham) (Con): I am a company director and have declared my interest in the register, but I am not a director of a deposit-taking institution that could be affected by the Bill. I have in the past been a director of a bank, so I have some banking experience to draw on.

It is a great pity that the Chief Secretary to the Treasury did not go into the fundamental issue involved with savings, which is what kind of return the saver will be able to make on their savings. My party and I entirely agree with the aim of the legislation. It is an excellent idea to spread a savings culture more widely, and it is good that taxpayers should make a contribution to try to trigger savings interest for those who have little income and manage their daily budgets largely on benefits. However, if the Government want to inculcate the virtues and values of saving, they must demonstrate that the art, and task, of saving is to put aside some money every month to earn a modest return. One reason why there has been so little saving in recent years is that people believe that the returns have not been good, but the Government's answer to the problem, through their monetary authorities, is to depress interest rates more and more so that the returns become ever smaller.

The worked examples that the Government have provided show that they are working on the assumption of an interest rate of less than 1 per cent. for saving gateway accounts. Even by the standards of modern accounts, that is a pretty poor return. My hon. Friend the Member for Fareham (Mr. Hoban) may have stumbled across the point when he said that the accounts will be expensive to operate, and that perhaps the Government are assuming that the banks will not be prepared to pay any interest, or will pay only very low interest because the accounts will be complicated to run for the amount of money in them. I hope that that is not so, but now that the Government are such a huge owner of banks, I look to Ministers to come to the House properly briefed with the answers to these issues. They are no longer theoretical, and the Government need not go to the market to obtain the answers. Ministers, on behalf of taxpayers, should be grappling with them daily because they now hold such an important position in banks on our behalf.

Everyone in the House and our constituents are involuntary shareholders of the Royal Bank of Scotland, in which taxpayers have a majority share. We are involuntary shareholders in Northern Rock, which is wholly owned by taxpayers. We are substantial minority shareholders in the Lloyds TSB group following the private sector shareholders' decision not to take up the rights issue. In that capacity as shareholder representatives in the House, surely we are entitled to some answers today from the Government on what the attitude of those leading banks will be to such accounts and what rate of interest they would pay if the accounts were up and running today.

That is not a difficult question. One would have thought that any sensible, intelligent Minister—the Chief Secretary is clearly intelligent—would ask that question during the preparation of the Bill, which has had a long gestation, and would be able to tell us today. If Ministers want to generate enthusiasm for a savings culture in this country, surely they should come to the House proud of the rate of return that they can offer through their state-sponsored banks and the Post Office and in other ways.

John Penrose: Does my right hon. Friend agree that the reason for Ministers being unable to provide the answers that he seeks is that so many powers will be dealt with by regulation that the detailed design of the accounts is unclear? The cost to the banks of running them is difficult to project, and they do not know whether they want to be involved because of that uncertainty.

Mr. Redwood: I fear that I am coming to that conclusion, but it is difficult to believe that that is true. Treasury Ministers are not stupid, and they have had a long time to prepare the legislation, so one would have thought that they would have fitted in a few meetings, talked to private sector and nationalised banks, and come up with some answers. If they want to enthuse people to save, they must do better than just suggesting that if people put money away for 24 months they will receive a special taxpayers' subsidy to welcome them to the savings community. If Ministers are serious about people becoming long-term savers, what matters is the total package on offer, so that those concerned will want to roll their savings over when they have received the increment from the taxpayer and really adopt the savings habit.

I am glad that the Government have run some pilots, as pilots can be very instructive. The Government have learned something from them, but the most important thing for me is what the rate of continued saving by the people who participated in the pilot will be after one, two or three years. Will they simply take all the money out and spend it once they have the Government cash, thereby ceasing to be savers, or will the process do something important? Will it trigger the idea in those individuals that saving is a good idea and that they can save a deposit for a property, save the money for a training course that can give them the skills to get a better job or save for some other capital purpose from which savers can reap the benefit when they genuinely gain the saving habit?

The taxpayer's interest is being protected by Ministers limiting the amount that can be paid in. We are told that the maximum will be £25 a month for any individual over the two-year term of the proposed package. I can see the common sense of that, because a high bonus is being offered relative to the amount put in. One thing that the Government might need to explain in more detail to the Committee is why they chose that balance. Why not have a lower bonus rate, but allow a longer and bigger build-up of savings? Did the pilots really prove that we need such a big bonus element relative to the amount of money being put in to make the account attractive? Is that not rather more in the spirit of a lottery and rather less in the spirit of savings than we perhaps need if we are to get the savings habit going?

I am delighted that the hon. Member for Taunton (Mr. Browne) said that he and his party are now very much in favour of wider ownership. As an adviser who tried to lead the charge for wider ownership in the '80s for the then Government, I do not recall the Liberal Democrats being enthusiastic in those days. Nor do I accept his charge that people who were on lower incomes were excluded from the process. They were not excluded at all. I remember the lorry drivers of National Freight buying shares in their company on favourable terms and making a lot of money, and good luck to them.

Mr. Jeremy Browne: I do not wish to be disagreeable, but I was not saying that there were not people on relatively low incomes who bought shares, including sometimes shares in the company that they worked for, in the 1980s. I was simply making the point that the current legislation deals with people on very low incomes. I was not saying that it was undesirable for people who would not consider buying shares, but who may have been slightly higher up the income scale, to own shares; I was merely saying that the Bill perhaps deals with a slightly separate section of society.

Mr. Redwood: I am relieved by that clarification, but that was not the position of the hon. Gentleman's party at the time. One of the exciting things about that

[Mr. Redwood]

process was the granting of free shares in companies that people worked for, so that they could get the habit of share ownership and make something on capital account out of the businesses that they worked for. That supplements the scheme proposed in the Bill, which largely targets people who do not have jobs and who therefore do not have the opportunity to get some capital out of working for a company.

We hope that people in the scheme will go on to do that and that it will be part of a comprehensive package to address exclusion from wealth ownership. Like most hon. Members, I think that one of the worst features of Britain over the past 50 or 60 years has been that not enough people have enough wealth of their own—they might not own a property in which they live, own shares in the company that they work for or have a savings account. I welcome very strongly anything that can be drawn into legislation or put into operation in the market that can change that.

My hon. Friend the Member for Fareham rightly raised the issue of whether there is enough saving in this country and whether the legislation, on its own or with help from one or two other measures that the Government may have in mind, is bold and strong enough to turn that around. I fear that it will not be. The sums are rather small and it appears that the number of eligible people likely to take up the scheme will also be quite constrained, for good reasons as well as bad. One thing that we need to do to get out of the current economic crisis is to encourage and promote more saving. There has been far too much borrowing in recent years. In many cases, individuals' balance sheets are as stretched as bank balance sheets have been and as the Government's balance sheet is becoming. Savings play an important part in trying to put that right.

For the groups of people identified in the Bill, we need rather more detail from the Government than we have enjoyed so far about who will be eligible and what the restrictions are, in order to avoid people playing the system in a way that the Government did not intend.

As I understand it, under the legislation as drafted it would be perfectly legitimate for someone living on one of the qualifying benefits mentioned in the Bill to have savings somewhere else and to transfer them into an account under the scheme in order to get the bonus element. However, that would not increase savings in the economy in the way that the Government envisage. On the other hand, if the legislation were to introduce a further restriction preventing people who already had savings from taking out one of these accounts, that would knock out a sub-group within the group who were most likely to take up the scheme. It would also encourage people to find ways of hiding, spending or concealing money so that they could qualify for the scheme. It might be an incentive for people to put their money into their mattresses, or to spend inappropriately before starting to save again in order to qualify. That would not be a very clever way to proceed.

Perhaps the Government need to make the best of a bad job and accept that their scheme will allow people who have already saved to get a bonus simply because they have done so. That makes it even more important to look at the categories of people who will be eligible, to see how many that might apply to, and to get a feel for what the impact might be. Certainly, some protection against that will be provided if the scheme makes people put money in only up to a modest limit each month, because individuals will have to organise their affairs in such a way that they transfer the money monthly, rather than being able to put in a big lump sum at the beginning. If the detail of the legislation were to allow bigger lump sums, however, that would make it more likely that people who had already partially saved would be able to play the system rather well.

As so often happens with legislation from this Government, the Bill feels like work in progress or something that they are making up as they go along. I suspect that those who serve on the Committee will work diligently on it, only to discover that a large number of amendments are suddenly tabled on Report or Third Reading, as people out there, realising that the Bill might apply to them or their client groups, either as potential providers of the accounts or as people who might establish such accounts, and realising the pitfalls and problems in the current drafting, come forward with their proposals.

So far, Ministers have not been able to sell the Bill to us in a positive way that makes it really attractive, or in a way that deals with the details that colleagues have already unearthed in this rather general Second Reading debate on the order powers, the eligibility criteria, the interest rates and all the other important issues. I would feel much more confident about the Bill if Ministers intervened a bit more, and if there were rather more substance in what they said to the House about who is to benefit from the scheme, what kind of savings we are talking about, and what other providers might be involved.

I want to make one last effort to get the Minister engaged in the debate. Will he intervene and tell me what the Post Office is minded to offer savers in this account, so that we can have a basis of fact on which to make our arguments and discussions today? Once again, I am afraid that he remains seated. The Government have had meetings with the Post Office. Either they forgot to ask the Post Office what kind of a deal the savers were going to be offered, or they are so ashamed of the deal that they and the Post Office have cooked up that they are not prepared to share it with the House and the wider public. This is not a good starting point for a project that is meant to generate good will around the country and that certainly has, in principle, multi-party support in the House because it is trying to do a good thing.

I look to Ministers quickly to clarify a number of things. First, who is really going to be eligible? Secondly, what are the Government going to do about the issue of rewarding people who have already saved, as opposed to rewarding people who might start saving because of the scheme? Have they looked into how much dead weight—as the Treasury used to say—might apply to this proposal? Thirdly, have the Government optimised the spending of this amount of taxpayers' money in terms of making the right judgment on how big a bonus element is needed, how that relates to the normal interest rate return, and how much money people should be allowed to put into the accounts and in what time period? I am not sure that the Government have come up with the optimal solution.

Can Ministers quickly find out at least what the Post Office, RBS and Lloyds—organisations that the Government either directly own on behalf of taxpayers or have a very big share in—are going to offer? We presume that those three big institutions will be required to offer this kind of package and they must soon be able to tell us what it will look like. Without our being able to go out and tell our constituents who might be eligible that this is a good scheme because of its underlying savings rate as well as its bonus element, it loses a great deal. I am surprised that Ministers are not more full of the joys of this proposal and not more up to speed about how it might work.

4.55 pm

John Penrose (Weston-super-Mare) (Con): Like everyone else, I am delighted to support the principle of this legislation. We have heard a series of speeches today echoing the principle that it is absolutely the right thing for Britain at this time to broaden the savings habit and culture, to try to establish a culture of putting something by for a rainy day or for retirement and to spread that culture more widely throughout all levels of society. I was particularly pleased to hear from my right hon. Friend the Member for Wokingham (Mr. Redwood) who, having been involved back in the 1980s in the original moves to spread a share-owning democracy, has personal experience to draw on. Many of the principles espoused at that time apply equally strongly to the Bill now.

This is a great idea and a thoroughly good principle that we all espouse and support. In fact, it is so good that it appeared in the Conservative party's 2005 election manifesto, which said that in order for a Conservative Government to

> "get more people into the saving habit, we will create a Lifetime Savings Account in which government contributions top up the money that people save themselves."

I am not sure, but I suspect that during the hurly-burly of the election campaign, all sorts of vigorous opposition came from the Government. I suspect that people in Labour party HQ were churning out all sorts of awful reasons why it was a bad idea.

Mr. Jeremy Browne: Was that in the same section of the Conservative manifesto as the incentive for people to leave the national health service and take their state health payments so that they could receive private treatment?

Mr. Deputy Speaker (Sir Alan Haselhurst): Order. That is a mischievous intervention, wholly outside the scope of the Bill.

John Penrose: As it is outside the scope of the Bill, I shall gloss over that one, but it perhaps illustrates a wider principle that this is part of a long and glorious tradition of the Conservative party proposing ideas that are rubbished as absolutely useless by the Labour Government, who after a decent period of time proceed to swipe the idea and relaunch it, suitably renamed—and here we are today. It would be churlish, however, particularly given that the Minister mentioned that the idea appeared in the Labour manifesto of 2001, to carp or cavil too much about its origins. It is clearly a good one and I am pleased to say that everyone has now got around to supporting it at the same time and in the same way. Everyone is now on side in saying that this is a good Bill that is worth supporting.

The Bill is so good that I would urge Ministers to go a little further. As my hon. Friend the Member for Fareham (Mr. Hoban) pointed out, it is good as far as it goes, but there is much more to be done to improve the habit of saving in British society. My hon. Friend provided some fairly dreadful examples of how the savings rate has fallen dramatically and precipitously over the last 10 years. Clearly, that needs to be turned around as fast as possible.

The difficulty is that this measure should have been introduced many years ago. The problems have been happening for 10 years and now we are at the bottom of the cycle—at least we hope we are—and we are talking about increasing the savings rate when we should be seeking to improve demand in the economy. We are talking about a measure that, at this precise moment in time, would be pro-cyclical rather than counter-cyclical, so the right point to introduce the Bill would have been almost any time during the last 10 years, apart from today. At almost any time during the last 10 years apart from today, we have had a Government presiding over an economy that has been overheating, largely on the basis of a debt-fuelled consumer-led bubble. The result has been rapidly expanding asset prices, particularly house prices—the impact on them has already been mentioned—and an economy that has increasingly lacked the sound economic fiscal foundations, in terms of both Government and consumer debt, that we see in other economies that are better prepared for such downturns. It would have been far better to encourage the savings rate, or even prevent its decline, at any point in the last 10 years.

According to the Government's projections, the current recession will end in the third quarter of this year, starting in July. I venture to suggest that if those projections are in any way over-optimistic—I have to tell the Minister that almost everyone outside this place agrees that they are far too rose-tinted—and if, perish the thought, the recession continues after July and into the early part of next year, there will be a danger of our starting to create the right savings culture at a time when the economy is only just starting to climb out of the recession. Although I do not believe that the measures in this particular Bill will be macro-economically large-scale enough to make a impact on the savings rate, it will nevertheless be important for the Government to introduce a series of measures that increase the savings rate both substantially and at the right time, which I fear will arrive not this year but once the recovery of the economy is firmly under way, which may not be as soon as the Government would like.

Mr. Redwood: My hon. Friend should bear in mind that the savings rate is a net figure, relating not just to the amount that people save but to the amount that they borrow. This year there will be a big increase—perhaps an inadvertent one—in the savings rate, because there will not be any borrowing.

John Penrose: Would it not be absolutely marvellous if that happened? We will watch with great care.

Let me point out in passing that the decline in the savings rate is not something that everyone has noticed just recently. It has been going on for some time, and Conservative Members have been identifying its dangers and calling for it to stop for a great many years. On

[John Penrose]

18 November 2002, my right hon. and learned Friend the Member for Folkestone and Hythe (Mr. Howard) said:

> "The savings ratio is forecast to fall this year to the lowest level ever recorded."

That comment is obviously out of date, as the ratio has become even lower since then. He went on to say:

> "Meanwhile, borrowing has risen, with household debt at record levels. Far from alleviating this problem and encouraging people to save, the Chancellor has done precisely the opposite."—[*Official Report*, 18 November 2002; Vol. 394, c. 406-7.]

On 19 April 2004, my right hon. Friend the Member for West Dorset (Mr. Letwin) said:

> "On current trends, household debt will break though the £1 trillion barrier this autumn. For increasing numbers of people, debt is becoming a serious problem".

In other words, this is not news; it has been going on for a great many years.

The Government have ignored the problem for far too long. Now we are now at the very bottom of a recession, and if anything, demand rather than saving needs to be stimulated at this point in the economic cycle; but now—too late—we have been given savings measures. They are welcome, but my goodness, we could have done with them five years ago, seven years ago, or perhaps even before that.

It should also be pointed out that these measures are comparatively narrow. They will help an important group of people and, we hope, will broaden the savings culture, but whole groups of people will not be helped. I am thinking particularly of a whole generation of pensioners who may have done the right thing during their working lives by putting something by for a rainy day or to ensure that they are financially independent and can stand on their own two feet in retirement, rather than relying on political whims or the largesse of Ministers of whichever party.

Those people have seen the income from their savings drop like a stone, for obvious reasons. We have all seen the rates of interest that are being offered falling very rapidly over the past few months. The danger is that those people who have saved and done the right thing throughout their working lives and now have little income to show for it see that other people who have not behaved as well are getting benefits from the benefits system to a fairly large degree that help to bail them out, even though they did not save during the previous 20 or 30 years.

For those people who have saved, the comparison is very stark. They have tried to put something by and have scaled back and reined in their spending, during their entire working life in some cases. The people who live next door who did not put something by and enjoyed the fruits of their labours, spending all the money as it came in, are getting more in benefits than those who have saved. The implication is that the only logical thing for people who have saved to do is ask themselves what on earth the benefit was of spending 20, 30 or 40 years of their working lives scrimping and saving.

Kelvin Hopkins (Luton, North) (Lab): I hope that hon. Members will forgive me for not being in the Chamber earlier. I am very interested in what the hon. Gentleman is saying. Is there not a strong case for substantially raising the basic state pension and getting rid of all the means tests so that all savings are additional to the basic state pension, overcoming some of the problems that he is talking about?

John Penrose: If the hon. Gentleman will forgive me, I will forgo the opportunity to make such a major spending commitment on the hoof. However, I was going to suggest an alternative way of dealing with the problem.

First, let me finish the point that I was trying to make. The conclusion that people who have saved will reach, which is that they have not benefited anything like how they hoped to do from saving over 20, 30 or 40 years of their working lives, is an acid dripping at the foundations of the savings culture. It is undermining the savings instinct for a great many people. The danger is not just that pensioners are affected but that they are tremendously influential on younger generations. If people say, "We saved and it didn't pay, so you shouldn't," to their children and to their grandchildren, that is an incredibly powerful negative marketing ploy further to erode the savings culture in this country. I urge the Government to say that the measures in the Bill are fine as far as they go, but are limited and do not go far enough to achieve the Government's stated aims.

I want to offer a potential solution, different from the one suggested to me just now by the hon. Member for Luton, North (Kelvin Hopkins). The Government might like to consider some of my party's fairly recent suggestions about trying to remove the tax burden for basic rate taxpayers on interest income. That would have the effect of achieving many of the Government's stated aims but would have a much broader impact than the Bill, which will have a relatively narrow impact.

Given the amount of money that the Government are willing to spend on a temporary cut in the VAT rate—I believe it is £12 billion—if they did not carry out that measure they could probably afford not only to introduce the measures in the Bill but those that I have just suggested. They would still have plenty of money left over to do other things to stimulate savings elsewhere in the economy.

On the assumption that the Economic Secretary does not want publicly to commit his party to that measure right this second—although I would be delighted if he did—may I ask a couple of small but technical questions that I hope he will be able to answer in summing up? In particular, I would like him to give us a bit more detail about what discussions he or his Department have had with representatives of the credit unions movement.

I am sure that we all have pockets of comparatively high deprivation in our constituencies. Weston-super-Mare South ward in my constituency is a classic example of a deprived area that, according to the Government's figures, is in parts in the bottom 2 or 3 per cent. of indices of multiple deprivation. When I visit the credit union that has an office there and the money advice centre that is dedicated to trying to provide better financial advice and improved financial literacy in the area, one of the things that comes across tremendously starkly is that the area is largely unbanked. It does not have a great number of different bank branches and, as my hon. Friend the Member for Fareham noted, that is especially important if we are to have a vibrant and highly competitive market for these saving gateway accounts. When an area has only one provider or even none at all, there is no incentive to offer competitive rates of interest. Although a one-off bonus from the tax man might be welcome, we need the competition that will spur a vibrant savings culture where people get genuine interest. Such a culture is much less likely to be established in places where there is only one local bank branch, or none at all, than in places where there are many.

An alternative way to produce that vibrant, competitive culture is to use credit unions as additional providers of the saving gateway accounts. Credit unions tend to be very local and closely rooted in their communities, and they have very good contacts—what might be called a good footfall or footprint—in the most deprived parts of the communities that we all separately serve. I hope that the Minister will give us more details about the discussions that he has had with representatives of the credit union movement. Are credit unions willing to become providers of these accounts? If so, do the Government consider them to be satisfactory providers of the accounts? Are the Government willing to give approval for credit unions to start providing the service, on a large or even small scale?

This is a tremendously useful and welcome Bill. It clearly espouses a principle that has the agreement and approval of hon. Members in all parts of the House, but it is very limited. The Government could have done more in the past, and I hope that they will take the opportunity to do a great deal more in the future. The foundations of our nation's economy and the equally vital need to spread the notions of a savings culture and an asset-owning democracy require that they do.

5.12 pm

Adam Price (Carmarthen, East and Dinefwr) (PC): When I hear agreement breaking out on both sides of the House, I always feel that there is a faint echo of the 1931 national Government in the air. Perhaps that is appropriate at this time, and my party supports the Bill's fundamental aims, which are to regenerate a savings culture in the UK and to provide additional assistance for people on very low incomes.

Those aims always deserve support, but, although I am in favour of evidence-based policy making, I think that this Bill has had a long gestation. It certainly predates the Conservative policy that was referred to earlier, as I think that the first announcement was made in 2001. Later that year, it was announced that there would be only a pilot project, of the sort that is much beloved of this Government. Pilots, pathfinders and so on can be valuable tools for learning lessons, but there will have been nine years between the first announcement of the policy and its full national roll-out. The hon. Member for Weston-super-Mare (John Penrose) was right to say that this measure, and others like it, is long overdue, as we in the UK have seen the decimation—literally so, almost to nothing—of the propensity to save.

There have been two pilot projects, and changes have been made to the maximum that people may have in the savings account. It has now fallen to £300, and the matching amount has fallen from £1 to 50p. There might be good reasons for some of the changes, but one consequence is that whereas under the first pilot if one had saved the maximum amount and received the bonus one would have ended up with about £800 in capital, the maximum now would be £450—a significant difference for people on low incomes. The first press release suggested that there would be a saving period of up to five years, but then the period was cut to three years and now we are left with only two years. If, as the right hon. Member for Wokingham (Mr. Redwood) asked, we are trying to create a long-term savings habit, will a two-year period be sufficient to change people's behaviour? That is a legitimate question to which the Government might return.

The evidence is disappointingly mixed for somebody who supports what the Government are trying to achieve. The second pilot certainly showed that there was no statistically significant evidence of a positive saving effect. The best evidence was qualitative, not quantitative—what people said in focus groups rather than hard statistical evidence, which was more mixed. In the eligible subset, people on higher incomes tended to respond more to the opportunities, but to substitute their saving gateway account for their savings in other accounts—quite logically, because there was a much higher return. People on lower incomes did not participate to the same degree. Other Members have expressed concern that the scheme might have a deadweight or displacement effect and will not really target the people we need to reach.

Different opinions were expressed about whether people would continue to save after the two-year period. Our most pressing concern is that the saving gateway will simply be a flash in the pan for some people and that they will not begin a lifetime of thrift based on the Government's two-year programme. That raises a wider issue. When we look across the world and at our own history, we see that the creation of a savings culture is often associated with the creation of new institutions—a point touched on by the hon. Member for Weston-super-Mare in relation to credit unions.

In the UK, the great flowering of saving, especially among the working class, came with the creation of friendly societies in the 18th century. Working-class communities were often frightened of ending up in the workhouse and developed their own saving institutions to avoid that circumstance. In the 19th century, the creation of a savings bank became a national movement targeting those on lower incomes. Those banks were not just financial institutions—there was a real movement, with a sense of evangelical zeal, to protect working-class people from a lifetime of penury. The creation of municipal banks was similar, and there are still six of them in Scotland.

In the 20th century, post offices had a role, as we saw in countries with high savings rates—Japan in particular and Korea. Post offices have a large footprint, with many branches close to people. As the hon. Member for Fareham (Mr. Hoban) pointed out, people who lived closest to the Halifax—the bank used in the pilot—were more likely to participate. The presence of a local financial institution in the community is critical to the propensity to save. Postal banks in Japan and Korea and the local Landesbanks in Germany—state-owned savings institutions—have played a critical role in creating a long-term culture of saving.

We in the UK had the Post Office Savings bank. Created in a different form but initially associated with the Post Office, we also had the so-called "people's bank"—the Girobank, which was one of the most innovative banks in history. It was the first bank to

[Adam Price]

develop an ATM network and, I believe, the first to develop telephone banking in the UK. The Girobank broke the monopoly of the traditional clearing banks and forced them to open themselves up to the working classes.

When considering the saving gateway, the Government should ask whether there is a case for creating a new institution alongside the account. That idea has recently been floated by the Business Secretary, Lord Mandelson, who has asked whether we could build on the Post Office's existing financial services—the Post Office savings account it offers in conjunction with the Bank of Ireland and the ISAs it offers in conjunction with a friendly society—and create a new institution.

Credit unions present an interesting alternative. They have developed in much the same way as the savings banks, starting from local and disparate grass-roots voluntary activity. Critical to the savings banks' success in the 20th century was their development of a national umbrella body and a clearing network, enabling them to spread the risk. I am sure that that is one of the Government's concerns about credit unions; as I am sure the hon. Member for Weston-super-Mare is aware, about 30 have become insolvent in the past six years, resulting in real concern about whether people's money is safe in credit unions, which often overreach themselves in their lending. Is there an opportunity to create an institutional umbrella—not just the existing Association of British Credit Unions, but a risk-sharing national body that could try to develop credit unions further than they have been able to develop hitherto?

Kelvin Hopkins: I am listening with great interest to the hon. Gentleman's history lesson. Is he not really suggesting that we should have a national, publicly owned savings bank, driven by the interests of the public and not by the interests of shareholders? Does he agree that such an institution would benefit from economies of scale and be cheap to administer, and therefore greatly benefit depositors?

Adam Price: I agree with the hon. Gentleman in this sense: I have great doubts about the willingness or the ability of private sector banks in the UK—what is left of them—to deliver the saving gateway programme. In addition, there may be a lack of trust in the sector among the target audience. I am not convinced, and those banks certainly do not seem to be champing at the bit to provide the product.

When the Institute for Public Policy Research studied the pilot projects, it suggested that the saving gateway should be delivered exclusively by the credit union movement. I am agnostic about whether the programme should be delivered by a publicly owned national savings bank or by the credit union movement. The history of the trustee savings bank movement suggests that there is a positive role for voluntary, locally generated activity.

The Government announced three ideas at the same time in 2001: the child trust fund, the saving gateway, and the universal bank, which the Post Office was meant to deliver. We never got that universal bank. The Government need to re-examine that, because clearly the market is failing when so many people are financially excluded from the mainstream, and the Government are well aware of that. However, there is only so much that they can do by way of exhortation of financial institutions and people.

There is an institutional gap. There is a case for looking at new financial products and tax incentives that can be built up around them. We should consider how we can create new institutions with which people can identify, and which can mark an important new phase that we hope we will enter, as part of a national savings plan. Clearly, the Bill is targeted at a particular segment of the population.

I noticed that take-up was very high—82 per cent.—in the first pilot project. If 82 per cent. of 8 million people take up the saving gateway account in the first few years, the Government's figures will be way out. The amount will be about 10 times the £130 million that the Government have put up for year one. Perhaps the Government hope that take-up will not be as high as it was in the pilot project.

As hon. Members have said, we need a far wider programme and strategy. We need a national savings plan. We need to start changing the culture, by creating new institutions. People must see themselves as savers—that is fundamental to the process. People's self-concept is the key to creating behavioural changes. That change will be very difficult, as a number of hon. Members have said. Who will see themselves as a saver over the next 18 months, as people face the storm of the worst economic recession for many generations? It is an incredibly high incline on the uphill struggle that we face. Having said that, the measures are a small, important step in the right direction, and they are part of a far broader debate that we desperately need to have.

5.27 pm

Mr. Charles Walker (Broxbourne) (Con): I rise a disappointed and unhappy man, because I like nothing more than coming to this place and giving the Government a good old-fashioned partisan lashing; that is the very oxygen of politics. Today, however, I find myself agreeing with a lot of what the Government have done. That is disappointing from a personal perspective. Even if I wanted to pick a fight with the Government, there is only the hon. Member for Luton, North (Kelvin Hopkins) on their Back Benches to pick a fight with, and he is quite a good friend of mine outside this Chamber. I would not want to pick a fight with him anyway.

I am disappointed because I have to say to the Government that the scheme is a pretty good idea. Of course, the devil will be in the detail. I imagine that I will serve on the Committee. If not, I shall be deeply disappointed once again.

Saving is the cornerstone of good financial planning. It does not matter whether one is at the bottom, middle or top of the income scale: putting money aside for a rainy day is a very good discipline, because, as we are discovering, rainy days do come, and they strike people at any point on the income scale—from the highest paid banker right down to someone who, tragically, loses their job on the factory floor.

For those on a low income, it must be very difficult to save. I talk to many constituents who are left with a few pennies at the end of the week, once they have set aside money for the essentials in life, such as food and heating. We must be aware of that, and we must not be guilty of patronising people. Education is critical to the ingraining of a savings culture in our society, and Members on both sides of the House have recognised that.

Financial literacy is crucial, and we must start educating young people while they are at primary school—perhaps in year 5 or 6—about the importance of managing their money and budgeting. The process of education must continue throughout secondary school, and even beyond. Many hard-working families find it difficult to budget. I am a relatively prosperous Member of Parliament, and I find it difficult to budget and could probably manage my finances far better. Financial education is critical to making the measure work and ingraining a savings culture, and the taxpayer has a limited role to play. It is a useful allocation of taxpayers' money in the short to medium term to support or reward savers for setting aside a small amount each month. Although it is a small amount, for many people it is a considerable sum from their monthly income.

Confidence is another critical part of encouraging a savings culture: people must be confident that their money will be there when they need it. One of the disasters of Farepak was that it damaged confidence among people on low incomes. It was a disaster not only for people who had put money aside in the Farepak scheme, as all their Christmas savings were wiped out and their thrift was penalised, but because of the message it sent to other families on low incomes about the benefits of setting money aside and saving for the important things in life. People must have confidence in the institutions in which they place their money.

The last thing we want to do is to drive people to the doorstep lenders, who fill a vacuum left by mainstream lenders. If there is a criticism to level at the banking sector it is that it has not done enough to help low-income communities. Until the beginning of this year, banks were making enormous profits. They talked merrily about their social responsibility, but Members know full well that in the most deprived communities that we represent the high-street clearing banks were conspicuous by their absence. As the banks try to restore their credibility with taxpayers and the citizens of this country, they should take a good, hard look at themselves and the way in which they work with the poorest communities. That is a good place to start on the road to rehabilitation.

Thrift should be rewarded throughout the income scale. I very much like the suggestion that we should ensure that the income and returns that people generate from their savings in interest accounts remain tax free. We all know pensioners in our constituencies who are not rich by traditional measures, but who have saved in the belief that it would allow them a comfortable retirement. However, the interest that they have earned on their accounts has diminished and, on top of that, they continue to pay tax. It would therefore be a good idea if we rewarded saving throughout the income scale.

May I conclude by saying that we all recognise that budgeting is difficult? I bet that in our own lives we all tend to take the best-case scenario when setting our budget. Perhaps we gloss over the things that we do not like to think about, such as the car breaking down or a pipe bursting. As part of the education process to encourage people to save, we must not be frightened to say that bad things can happen: the washing machine, dishwasher or car might break down, a pipe might burst or we might lose our job. The good times do not last for ever, and any Government who try to convince the electorate otherwise should be shouted out of court.

Let us embrace the Bill, examine the detail and regard it as one very small step, probably in a generational process, to re-entrench saving as the cornerstone of good financial planning in this country.

5.35 pm

Kelvin Hopkins (Luton, North) (Lab): I apologise for not being present for some of the earlier speeches, but I have heard some interesting contributions while I have been in the Chamber, and I have been provoked into saying a few words myself. I take an interest in general terms in savings and especially in pensions and income for pensioners. The Bill is a step in the right direction, as others have said, but we will have to go a lot further, not just for people at the lower end of the income spectrum, but for those on middle incomes in particular, for whom the savings habit has died.

I come from a long line of devout Puritans who saved money. Even when I had pocket money, my friends suggested that I had only a very small amount, even though I came from a prosperous family. That was because my family believed that we should work for our income. If we wanted something, we saved up for it. I did save up over weeks for things, and it was a habit that our family had. Friends, even from less prosperous families, had fivers thrown at them from time to time in a rather casual way. That attitude is not common in many other cultures. In Germany and Japan, for example, people are much more keen on saving.

A number of important issues have been touched on, such as confidence in where we save. In the longer term, we will have to consider a state savings bank for everyone, where our money is secure, the administrative costs are very low and we get good returns over time. We do not want to see people in Christmas clubs that go bust, like Farepak. We want people to have absolute confidence in where they put their money.

In time, some people may have to be compelled to save if there are not to be millions of people of pensionable age living in penury, even though they had good incomes during their working lives. At the lower end of the income scale, we must aim to raise the basic state pension significantly and for it to rise considerably faster than the rate of inflation or earnings to get back to the kind of ratio between pensions and earnings that we saw before the link was broken in the early 1980s.

At that time the basic state pension was 25 per cent. of average earnings, and we should get there again so that the basic state pension is well above the poverty level. Currently, it is below the poverty level. At the same time we could eliminate all the means-testing, perhaps progressively over a period, so that other savings would be additional to the basic state pension, which we can all take for granted. That is the way forward.

For many other people on higher incomes, the drop from having a reasonable income to the basic state pension would be pretty catastrophic. For those who have lived a fairly modest life, a good basic state pension might be regarded as sufficient, although they might want more. For people who have not saved and have had big incomes, it is a matter of regret for them, perhaps when they reach the age of 65 or whatever state pension age will be in future, that they have not saved properly.

[Kelvin Hopkins]

We will have to look towards a universal, comprehensive, compulsory SERPS system for everyone, with defined contributions, as a proportion of earnings or whatever, and defined benefits so that we know what we will get and so that that is not related to the state of the economy, the stock market or anything else. If we had a savings bank, we would know what we were going to get back. That should be defined and not interest-rate related. Other countries have much higher basic incomes than we do for people of pensionable age. The gulf between the rich and the poor will have to be narrowed by looking seriously at the incomes of poorer pensioners in future. At the moment, we are just nibbling at the edges. We are not taking the matter seriously. I want to see much more radical action from, I hope, a Labour Government, this one or future ones, substantially to raise the level of incomes of those who have retired at the lower end of the income scale. That may mean some redistributive taxation from the very rich to the very poor, and I would not disagree with that. *[Interruption.]* I do not want to go into my usual speech about what the income tax rates were back in the days of the Callaghan Government under Denis Healey. I have made that speech several times so I shall not trouble the Minister with it now. We are starting to take seriously the problems of the poor, particularly when they become older, and the Bill is a step in the right direction. I welcome it, but we must go much further.

5.41 pm

Mr. David Gauke (South-West Hertfordshire) (Con): It is a great pleasure to wind up this Second Reading debate, perhaps a little earlier in the day than one might have expected, but it was interesting and informative. We have had a number of contributions, which I will take in reverse order.

The hon. Member for Luton, North (Kelvin Hopkins) gave a brief but interesting speech. He regaled the House with tales of his childhood savings habit, and almost entered into one of his usual speeches on the subject of taxation in the 1970s. He has two entertaining speeches, one on that subject and the other on the European Union. I tend to enjoy the latter slightly more, but none the less they are always a valuable contribution to the House. I note that he was the only Labour Member to make a speech in this debate, which is somewhat surprising given that this is a Government measure. One might have expected greater enthusiasm from the Labour Benches. However, I appreciate that we have had nearly three and a half weeks' break for Christmas, which may not have been long enough for every hon. Member.

In contrast, my hon. Friend the Member for Broxbourne (Mr. Walker) made quite a return to the House. I note that the ConservativeHome website commended him as man of the day for his speech to the House yesterday on the subject of mental health. It also carried a photograph of him taken shortly after he became a Member of the House, demonstrating the success of the diet that he has undertaken during the past three years.

My hon. Friend said that he was frustrated at not being able to lash out at the Government on this matter, but that he wanted to serve on the Committee. He may well be frustrated at not being able to lash out at them because he rather likes the Bill, but I suspect that his application to be a member of the Committee will be viewed sympathetically and will not be a cause of further frustration.

The hon. Member for Carmarthen, East and Dinefwr (Adam Price) spoke about the Bill's long gestation and the fact that there was a pilot in 2001. He talked authoritatively about the experience of the pilot schemes, the difficulties in producing statistics that are hugely helpful, and the fact that the focus groups produced a number of quotations that suggest that there is something to be said for these matters. He also gave an historical perspective on the savings culture of the working classes and the poorer sections of society, and talked about how at times, when such measures have been successful, there has been a great evangelism for them. I do not know whether evangelism quite categorises the Government's approach to the Bill, but he made a very interesting contribution.

My hon. Friend the Member for Weston-super-Mare (John Penrose) spoke about the decline in the savings ratio in the past 10 years. He set out the case for how savers are struggling and have been adversely affected by interest rate changes, and made an argument for doing more to support them. It was an excellent speech. I hope—although he did not put it as explicitly as my hon. Friend the Member for Broxbourne—that it can be taken as an application to serve on the Committee.

My right hon. Friend the Member for Wokingham (Mr. Redwood) made an interesting point in his speech and in an intervention on the Chief Secretary when he asked what the interest rate, as opposed to the matching amount, is likely to be on these accounts. He argued that if part of the reason for the Bill is to encourage people to get into the habit of saving, the account should be as much like a normal bank account as possible, including the benefits of achieving interest. When he asked what the Government's expectation was, he did not get an answer. In the course of that exchange, my hon. Friend the Member for Fareham (Mr. Hoban) stated that he suspected that there would be no interest on the accounts. My right hon. Friend suggested that my hon. Friend had "stumbled across" the point. I think that he probably meant to say that he had "homed in with laser-like intensity on a key possible embarrassment for the Government." In any event, it was right to raise the matter and to express more general concerns about the lack of clarity in the Bill.

I think that it would be fair to say—indeed, there is consensus on this across the House—that the Bill's objectives are admirable. The desire to encourage a savings culture, particularly among the poorer sections of society, is absolutely right. We share a desire that people should have assets that provide them with a degree of protection in the event of adverse circumstances. The other aspect, which was touched on by the Chief Secretary, is that that goes some way towards dealing with financial inclusion. If we can encourage people who might be excluded from normal financial products and services to partake in proper accounts and to become part of the wider financial community, that is clearly of benefit.

Conservative Members acknowledge that the Bill's objectives are laudable. Indeed, as my hon. Friend the Member for Weston-super-Mare pointed out, in 2005 we advocated a lifetime savings account along very similar lines, and it would therefore be rather odd for us to object strongly to these proposals. The Government appear to be in the habit of doing that: yesterday, they announced support for employers taking on the long-term unemployed; tomorrow they may announce a national loan guarantee—who knows? Today continues the pattern of yesterday, and we will not knock it. Some might say that we could save time if we were able to announce and then implement policies instead of waiting for the Government to do so some weeks or years later, but there we go.

This country has a problem as regards the low level of savings. As my hon. Friend the Member for Fareham pointed out, in 1997 one in 10 households had no savings; by 2007, the figure was one in three. The savings ratio has fallen from 9.6 to 1.8 per cent. We recognise that that is a dangerous weakness in the economy. A savings culture is valuable. It makes households more resilient and more able to cope with a rainy day. People should use the good times to prepare for the bad, and one could argue that that applies to Governments as well as people. The decline in the savings rate and the savings culture has left this country, our economy and our people more exposed to difficult times than would otherwise be the case. That is our view, and I would be grateful if the Economic Secretary would say whether he recognises it as a problem. Does he accept that the savings rate fell too low? Is it a weakness in the economy? Does it suggest that we are less well placed for difficult times than we might otherwise be?

There are inherent limitations to the Bill and the saving gateway accounts in tackling the problem. That is not to dismiss the proposals or the Bill. Just because it does not address every aspect of savings does not mean that it is not a useful contribution. Notwithstanding the Bill's objectives, does the Economic Secretary accept that the Government need to do more to encourage saving in the long term? We need a strong savings culture, and as things stand, we do not have one. Given that this is a week in which the Government are inclined to look sympathetically on our ideas, will he consider abolishing the standard rate of income tax on savings? I know that we announced that only relatively recently, and it usually takes the Government some time to take up our policies, but I urge him to do so.

Although the provisions are limited, they contribute towards tackling a weak savings culture, or at least I hope that they do. One of the issues raised by my hon. Friend the Member for Fareham and the hon. Member for Carmarthen, East and Dinefwr was that the evidence from the pilots is, it is fair to say, a little sketchy. My hon. Friend set out two tests that are useful in assessing whether the pilots demonstrate that the scheme will work. First, are the savings created through the accounts new, or would they have occurred anyway? What is the evidence from the pilots? To the extent that the Economic Secretary is able to address that point, it would be helpful to the House for him to do so. Secondly, what happens at the end of the account period? Will people continue to save at the end of the life of the saving gateway account, or will they just take it as a windfall of £300, which is then spent rapidly? Will there be a real cultural change? That is a key point: what has the experience of the pilot schemes shown?

Another area that I would like to explore was touched on by several hon. Members: the level of interest from potential product providers. In the course of the debate, the Economic Secretary made it clear from a sedentary position that the Government have been talking to banks and other product providers. My right hon. Friend the Member for Wokingham raised a point about the interest rate that is likely to be provided, in addition to the matching fund. That will depend on the level of commercial interest, and if there is little such interest, the Government will be grateful for whatever they can get and will hope that someone will provide the saving gateway accounts. But if there is more interest, we are likely to see interest payable on the accounts. Where are we on that? What are the Government anticipating?

In the course of her remarks, the Chief Secretary said that the Government will be urging the banks or the product providers to provide interest on saving gateway accounts. The Government spend quite a lot of time urging banks to do one thing or another with interest rates, but several banks are now largely in public control. It will be interesting to know whether the Government or Ministers will put any pressure on state-owned banks to provide the saving gateway accounts or to provide interest on them. It would help the House to know precisely what the Government envisage.

There is quite a lot that we do not really know about how the accounts will work. The point has been made that they are a work in progress and that the details will be in regulations. The hon. Member for Taunton (Mr. Browne) pointed out that there are 29 powers to make regulations in this 32-clause Bill—and we are grateful to him for not listing all of them.

A point on which I would be grateful for clarification is that as I understand it, the period of time for which a saving gateway account will exist is two years. I do not think that that is specified in the Bill, but I am sure that the Minister will correct me if I am wrong. If it is not specified, why not? Another question to be answered is whether someone could open more than one account. As far as I can see, it is not made clear in the Bill that a participant could not open two accounts at the same time. Perhaps more realistically, once one account had been completed and the two years were over, would it be possible for someone to open a new saving gateway account, and to do the same every two years? The Chief Secretary said that the intention was to encourage people who have not saved before to do so, which suggests that someone could participate only once. Again, however, the precise intention is not entirely clear.

One could ask many more questions about various aspects of the Bill, and those serving on the Committee will be able to do so. I have raised the matters that I have to indicate that the Bill is very short on detail. Its objectives are laudable, although its impact is likely to be limited and should not be overstated. It is thin on detail, which clearly needs to be much greater. It has been in gestation for eight years, and we heard that the announcement of the first pilot scheme was in 2001.

Only one Labour Back Bencher spoke in favour of the Bill, and I therefore fear that there is a sense that the Government's enthusiasm for it is a little limited. One could certainly get that impression. I am sure that the Economic Secretary can address those concerns, and that he will demonstrate much enthusiasm for the Bill and assure the House that the concerns that have been raised will be addressed both today and in Committee. I am sure that the Government are confident of the

[Mr. David Gauke]

effectiveness of the Bill and the saving gateway accounts, and that the House can be assured that we will make a useful contribution to returning to this country the savings culture that it so badly requires.

5.58 pm

The Economic Secretary to the Treasury (Ian Pearson): It is a pleasure to close the debate, and I thank the right hon. and hon. Members who have contributed to it. I was pleased to hear that there is broad support for the Bill in all parts of the House, and I am grateful to Members for their support for the aims of kick-starting the saving habit among working-age people on lower incomes and promoting financial inclusion.

The hon. Member for Broxbourne (Mr. Walker) was unexpectedly very enthusiastic about Government policy. He went so far as to say that the scheme was a "pretty good idea". Given my experience of him, that is about as good as it gets. The hon. Member for Weston-super-Mare (John Penrose) went further, saying that it was a "great idea" and a "thoroughly good principle". He went on to blot his copy book by seeking to claim that it was a Conservative idea, when it is clear to all concerned that it was originally launched for consultation by the Labour Government in 2001. It was not until after the second pilot was under way that the Conservative manifesto made the statement that he read out.

I do not want to play silly games of who takes the credit for different ideas. The hon. Member for South-West Hertfordshire (Mr. Gauke) tempts me to talk about his party's credit guarantee scheme, which is modelled on the Government's guarantee scheme. People are not interested in party political bickering; they want to know not where ideas come from, but whether they will produce policies that will benefit people and businesses in this country, and that is what the Government want to ensure.

I welcome the support of the official Opposition and the Liberal Democrats for the Bill. The hon. Member for Fareham (Mr. Hoban) was perhaps more measured than most speakers in saying that there is some common ground, but the hon. Member for South-West Hertfordshire went further and said that the Bill's objectives are admirable and that it is laudable. As that came from an Opposition Front Bencher, it is a ringing endorsement of our proposals.

The right hon. Member for Wokingham (Mr. Redwood) played a typical cameo role in pretending that he knows what happens in government as a matter of course. As a former Secretary of State, he well knows the process of government, but he tries to pretend that Ministers talk to no one, and do not examine the evidence and or take such matters into account. I shall come to the points that he made, but before doing so and responding to other hon. Members, I want to make two general points.

First, in 2007 net national saving as a percentage of gross domestic product was 3.4 per cent., which was close to the average since 1987 of 3.7 per cent. and much higher than the low of 1.1 per cent. recorded in 1992. That 3.4 per cent. level is close to the national savings ratio of Italy, and much higher than that of the United States.

Secondly, the Bill is not the only means by which the Government are promoting saving. Almost one third of the adult population have individual savings accounts. We successfully launched child trust funds, and we recently welcomed the 4 millionth account. We have a significant financial inclusion agenda on which we made further announcements today, and I acknowledge the points made by the hon. Member for Broxbourne about the importance of financial inclusion and financial literacy.

I welcome the speech made by my hon. Friend the Member for Luton, North (Kelvin Hopkins), who emphasised the importance of saving. We may not agree with all the policy implications of what he said, but he knows that the Government share his aspiration that people save more and that pensioners have a greater income in retirement.

Kelvin Hopkins: The Chief Secretary may have covered this point, but is there a guarantee that additional savings for income in retirement will not be means-tested away from those on low incomes? Will any return be genuinely additional to the basic state pension, whatever that may be?

Ian Pearson: The Bill is targeted at people of working age, and those on lower incomes. We want to kick-start the saving habit and to ensure that people continue to save throughout life. Taxation on savings is part of general Government policy, and that is the best answer that I can give.

Adam Price: If we want to sustain the habit of saving, will people be able to convert the saving gateway account into a cash ISA, for example, at the end of the two-year period?

Ian Pearson: Yes, they will. I will say more about that in a moment, but I want first to address the points that the hon. Member for Taunton (Mr. Browne) and others made about regulation. First, when formulating legislation there is always a balance to be struck between what should properly be put into primary legislation and what should necessarily be part of secondary legislation, through regulations. We believe that we have got the balance right in this case, in establishing the general principles in the Bill and leaving other matters to regulation, but that is something that we can return to in Committee.

Secondly, regulations relating to eligibility were published yesterday, before Second Reading. The right hon. Member for Wokingham said that the issue of eligibility was not clear, but if he reads clause 3 and the regulations that we published in draft yesterday, he will see that they provide the answers he seeks. We intend to publish additional draft regulations before the Committee stage, which I am sure will help hon. Members who serve on the Committee.

The next issue that I want to cover is eligibility. I want first to respond to my hon. Friend the Member for Northampton, North (Ms Keeble), who raised the issue of carers and suggested that they had been left out of the saving gateway. That is not the case. Carers in low-income households will be able to claim income support, including the carer's premium, in addition to carer's allowance. As income support is a qualifying benefit for the saving gateway, many carers will be eligible, and we expect around 230,000 to be so.

We have thought carefully about making carer's allowance itself a qualifying benefit. However, although all recipients of carer's allowance will have low earnings, many may be in higher-earning households; in fact, carer's allowance recipients are less likely to be in poverty than the average adult. Extending the scheme to all carers regardless of their level of savings or other financial circumstances would therefore mean that it was poorly targeted.

My hon. Friend the Member for Wolverhampton, South-West (Rob Marris) made a point about income-based jobseeker's allowance and questioned whether the legislation was defective. Let me say back to him that the policy intention behind the legislation is for the target population for the saving gateway to be working-age people with lower incomes. We believe that passporting through the benefits and tax credits specified in the Bill, including contributory jobseeker's allowance and incapacity benefit, is the most administratively simple and effective way of reaching that section of the population.

If contribution-based JSA were not a qualifying benefit, some people who frequently move in and out of low-paid work may never become eligible for the saving gateway, because they never receive income-based JSA. That is why the legislation is framed in the way that it is. However, my hon. Friend will want to probe us to ensure that some of the people he was talking about, who are clearly from wealthy backgrounds, are not eligible for the saving gateway and the Government's matching contribution. I am pretty convinced that the legislation as it stands achieves that policy objective, but we can explore that further in Committee.

The next issue that I want to cover is the pilots. Both pilots showed that many people saved more during the scheme than they did before it. Among participants in the first pilot, the number of people saving regularly quadrupled. The hon. Member for Carmarthen, East and Dinefwr (Adam Price) rightly said that we ought to be interested in evidence-based policy and that we need to consider closely the implications of both pilots and the variations between them, and we have done that. The second pilot showed that some participants who were higher up the income scale were more likely to recycle existing savings into saving gateway accounts. That provided a useful lesson for the national scheme, which targets those on lower incomes.

In the first pilot, 89 per cent. said that they had saved exclusively from their regular income. The hon. Member for South-West Hertfordshire asked about the dead weight effect, and inquired what would happen after the saving gateway and what lessons had been learned from the pilots in that regard. According to the figures that I have, 16 per cent. of participants in the first pilot said that they had been saving regularly before, but nearly 80 per cent. said that they regularly paid money into their saving gateway. On average, people made deposits in more than 70 per cent. of the months in which their account was open. At least three months after maturity, over 90 per cent. of participants still had a savings account of some kind, and over 40 per cent. were still saving regularly. We take that as reasonable information, and we have taken it into account in the detailed design of the scheme.

The hon. Member for Carmarthen, East and Dinefwr also asked why we had chosen a period of two years, noting that the accounts in the pilot scheme had run for 18 months. He suggested that the period should be longer. In our view, accounts running for whole years are easier for savers to understand, and more straightforward for account providers to operate. We believe that a duration of two years for an account strikes the right balance between giving people sufficient time to develop a savings habit and build up a reasonable match, and allowing them to access that match within a reasonable time scale. Many participants in the pilot schemes suggested that the accounts should run for two years.

I want to turn now to the discussions that we have had with the banks. As I indicated from a sedentary position earlier, when I got slightly irritated with the right hon. Member for Wokingham, we have been discussing the saving gateway at official and ministerial level for a considerable period of time. We have had meetings with the banks, the building societies and the credit unions, and we expect that the saving gateway will be offered by a range of providers. We will continue to discuss this with them. We particularly welcome the commitment from the Post Office, and the support that we have had from the British Bankers Association. The hon. Member for Weston-super-Mare mentioned credit unions, and we are delighted to have the strong support of the Association of British Credit Unions. Its chief executive, Mark Lyonette, has said:

> "This is a valuable initiative which will help to encourage low income savers and we look forward to working with the Government to ensure that the scheme is a success."

The right hon. Member for Wokingham and others mentioned interest rates. It is important that we kick-start a regular savings habit. The hon. Member for East Antrim (Sammy Wilson) put it well when he said that the key point was to stimulate the savings habit, and the point about the match funding is that it will do exactly that. A match rate of 50p in the pound is the equivalent of an interest rate of 44 per cent. The interest rates will be very much a matter for the individual providers, however. We are not planning to see the accounts introduced until 2010, so I would not expect the providers to say now whether they will introduce interest rates or, if they were to do so, what those rates would be.

Some potential providers have suggested that paying interest would result in significant costs and complexities in the design of the systems for these relatively low-level savings accounts. Some respondents to the consultation last year also suggested that the need to understand and compare different types of ratios could put off inexperienced savers. That reinforces the point about promoting financial literacy. This is something that we will continue to show an interest in, but we believe that the deciding factor for people opening a saving gateway account will be the match rate provided by the Government. If possible, we would like to see competitive market and good savings rates offered to those in saving gateway accounts. What happens at the end of the saving gateway is what is important, as both the hon. Member for East Antrim and the hon. Member for South-West Hertfordshire said.

To clarify matters further, savers who have come to the end of a saving gateway account will be free to choose what happens to their money next. The Government believe that an element of choice is very important. We expect providers to treat customers fairly and we anticipate that they will want to help their customers to access the savings option that is most suitable to their needs. We

[Ian Pearson]

will hold a dialogue with them to ensure that there are sensible default options for those who fail to express a preference during the two-year period of the saving gateway account. As I said earlier, it is possible for the account to be rolled into an ISA and some providers might set that as the default option. To be clear, if a provider offered a poor rate of return, it would be open to savers to move their money to another type of account or another provider with a better rate of return.

Rob Marris: One of the concerns expressed earlier was about whether sufficient information would be available when people opened these accounts. We received some reassurances about that from my right hon. Friend the Chief Secretary, but can the Economic Secretary provide some further reassurances about what information will be available to individual savers at the conclusion of their two years—or however long it might be—so that people are aware of their options, whether it be to move their money into ISAs, to close the account or to move it somewhere else? It is important that some of the most financially disadvantaged people in our society have full information, so will the Minister provide some examples?

Ian Pearson: My hon. Friend makes a very good point. As I mentioned at the start, the issue of financial inclusion is very important to this Government. As he will be aware, we commissioned Otto Thoresen to produce a report, and we are taking forward its recommendations on financial inclusion. With the Financial Services Authority, we are establishing pilots in the north-west and the north-east and today we announced some of the providers that will help to deliver them. We view the establishment of a pathfinder scheme to improve financial literacy and advice as an important area, to which we continue to pay attention, and the Government are taking other measures as well. My hon. Friend will be aware of our efforts in the education and school system to provide better information from an early age, sometimes as young as seven. We are planning to build further such measures into the curriculum, so that better advice is provided in the future.

The hon. Member for Fareham asked about the automatic rolling over of accounts. As I explained, account providers will have to put in place a default option in cases where savers do not provide instructions about what they want to happen to the account on maturity. They should have choices, as I said.

Finally, let me pick up on a matter raised by the hon. Member for South-West Hertfordshire, who asked why the Bill did not make it clear that a person could have only one account. The requirement that a person may open only one saving gateway account in a lifetime will be contained in regulations. Our approach is that the Bill allows some flexibility so that the Government have the option to offer the saving gateway to eligible individuals again in future. Depending on the scheme's success and the financial climate, that may be appropriate in the future. In our view that represents sensible contingency planning, but no doubt we shall wish to discuss the technical questions in some detail in Committee.

I am grateful to all Members for the points that they have made, and look forward to pursuing them in Committee in a few weeks' time. I am also grateful for the support that we have received today for our objectives for the saving gateway: kick-starting that saving habit, and promoting financial inclusion. The pilots showed that the gateway could achieve those aims by offering a targeted, clear and strong incentive to the group who need it most, in the form of 50p for every £1 saved.

As a result of the Bill, a national saving gateway scheme will be introduced for the first time, offering that incentive to about 8 million people. It will give them a chance to save up to £600 and earn up to £300 from the Government. It will provide an amount that could make a real difference, and, more important, an experience that could help to build a lifetime saving habit. I commend it to the House.

Question put and agreed to.

Bill accordingly read a Second time.

SAVING GATEWAY ACCOUNTS BILL (PROGRAMME)

Motion made, and Question put forthwith (Standing Order No. 83A(7)),

That the following provisions shall apply to the Saving Gateway Accounts Bill:

Committal

1. The Bill shall be committed to a Public Bill Committee.

Proceedings in Public Bill Committee

2. Proceedings in the Public Bill Committee shall (so far as not previously concluded) be brought to a conclusion on Tuesday 10 February 2009.

3. The Public Bill Committee shall have leave to sit twice on the first day on which it meets.

Consideration and Third Reading

4. Proceedings on consideration shall (so far as not previously concluded) be brought to a conclusion one hour before the moment of interruption on the day on which those proceedings are commenced.

5. Proceedings on Third Reading shall (so far as not previously concluded) be brought to a conclusion at the moment of interruption on that day.

6. Standing Order No. 83B (Programming committees) shall not apply to proceedings on consideration and Third Reading.

Other proceedings

7. Any other proceedings on the Bill (including any proceedings on any message from the Lords) may be programmed.—*(Ms Butler.)*

The House proceeded to a Division.

Mr. Deputy Speaker (Sir Michael Lord): I ask the Serjeant at Arms to investigate the delay in the Aye Lobby.

The House having divided: Ayes 276, Noes 172.

Division No. 13] **[6.21 pm**

AYES

Abbott, Ms Diane
Ainger, Nick
Allen, Mr. Graham
Anderson, Mr. David
Anderson, Janet
Armstrong, rh Hilary
Atkins, Charlotte
Austin, Mr. Ian
Austin, John
Baird, Vera
Balls, rh Ed
Banks, Gordon
Barlow, Ms Celia
Barron, rh Mr. Kevin
Battle, rh John
Bayley, Hugh
Beckett, rh Margaret
Begg, Miss Anne
Bell, Sir Stuart
Benn, rh Hilary
Betts, Mr. Clive
Blackman, Liz
Blackman-Woods, Dr. Roberta
Blears, rh Hazel

Blizzard, Mr. Bob
Borrow, Mr. David S.
Bradshaw, Mr. Ben
Brennan, Kevin
Brown, Lyn
Brown, rh Mr. Nicholas
Brown, Mr. Russell
Browne, rh Des
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burgon, Colin
Butler, Ms Dawn
Byrne, rh Mr. Liam
Cairns, David
Campbell, Mr. Alan
Caton, Mr. Martin
Cawsey, Mr. Ian
Challen, Colin
Chapman, Ben
Chaytor, Mr. David
Clark, Ms Katy
Clark, Paul
Clarke, rh Mr. Charles
Clelland, Mr. David
Clwyd, rh Ann
Coffey, Ann
Cohen, Harry
Connarty, Michael
Cooper, rh Yvette
Corbyn, Jeremy
Cousins, Jim
Crausby, Mr. David
Creagh, Mary
Cruddas, Jon
Cummings, John
Cunningham, Mr. Jim
Cunningham, Tony
Davidson, Mr. Ian
Davies, Mr. Dai
Dean, Mrs. Janet
Devine, Mr. Jim
Dhanda, Mr. Parmjit
Dismore, Mr. Andrew
Dobbin, Jim
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Dowd, Jim
Drew, Mr. David
Eagle, Angela
Eagle, Maria
Efford, Clive
Ellman, Mrs. Louise
Engel, Natascha
Ennis, Jeff
Etherington, Bill
Field, rh Mr. Frank
Fisher, Mark
Flello, Mr. Robert
Flint, rh Caroline
Flynn, Paul
Foster, Michael Jabez
(Hastings and Rye)
Francis, Dr. Hywel
Gapes, Mike
George, rh Mr. Bruce
Gerrard, Mr. Neil
Gibson, Dr. Ian
Gilroy, Linda
Godsiff, Mr. Roger
Goodman, Helen
Griffith, Nia
Griffiths, Nigel
Grogan, Mr. John
Gwynne, Andrew
Hain, rh Mr. Peter
Hall, Mr. Mike
Hamilton, Mr. David
Hanson, rh Mr. David
Harman, rh Ms Harriet
Harris, Mr. Tom
Havard, Mr. Dai
Healey, rh John
Hendrick, Mr. Mark
Hepburn, Mr. Stephen
Heppell, Mr. John
Hesford, Stephen
Hill, rh Keith
Hillier, Meg
Hodgson, Mrs. Sharon
Hoey, Kate
Hoon, rh Mr. Geoffrey
Hope, Phil
Hopkins, Kelvin
Howarth, rh Mr. George
Howells, Dr. Kim
Hoyle, Mr. Lindsay
Hughes, rh Beverley
Humble, Mrs. Joan
Iddon, Dr. Brian
Ingram, rh Mr. Adam
Irranca-Davies, Huw
James, Mrs. Siân C.
Jenkins, Mr. Brian
Johnson, rh Alan
Johnson, Ms Diana R.
Jones, Helen
Jones, Lynne
Jones, Mr. Martyn
Jowell, rh Tessa
Joyce, Mr. Eric
Kaufman, rh Sir Gerald
Keeley, Barbara
Keen, Alan
Kemp, Mr. Fraser
Kidney, Mr. David
Kilfoyle, Mr. Peter
Knight, rh Jim
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Laxton, Mr. Bob
Lazarowicz, Mark
Lepper, David
Levitt, Tom
Lewis, Mr. Ivan
Linton, Martin
Lloyd, Tony
Love, Mr. Andrew
Lucas, Ian
MacShane, rh Mr. Denis
Mactaggart, Fiona
Mallaber, Judy
Mann, John
Marris, Rob
Marsden, Mr. Gordon
Marshall-Andrews, Mr. Robert
Martlew, Mr. Eric
McAvoy, rh Mr. Thomas
McCafferty, Chris
McCarthy, Kerry
McCarthy-Fry, Sarah
McCartney, rh Mr. Ian
McDonagh, Siobhain
McDonnell, John
McFadden, rh Mr. Pat
McFall, rh John
McGovern, Mr. Jim
McGuire, rh Mrs. Anne
McIsaac, Shona
McKechin, Ann
McKenna, Rosemary
McNulty, rh Mr. Tony
Meacher, rh Mr. Michael
Meale, Mr. Alan
Merron, Gillian
Michael, rh Alun
Milburn, rh Mr. Alan
Miller, Andrew
Mitchell, Mr. Austin
Moffat, Anne
Moffatt, Laura
Mole, Chris
Moon, Mrs. Madeleine
Morgan, Julie
Morley, rh Mr. Elliot
Mullin, Mr. Chris
Munn, Meg
Murphy, Mr. Denis
Murphy, rh Mr. Jim
Murphy, rh Mr. Paul
Naysmith, Dr. Doug
Norris, Dan
O'Hara, Mr. Edward
Olner, Mr. Bill
Owen, Albert
Palmer, Dr. Nick
Pearson, Ian
Plaskitt, Mr. James
Pope, Mr. Greg
Prentice, Bridget
Prentice, Mr. Gordon
Prescott, rh Mr. John
Primarolo, rh Dawn
Prosser, Gwyn
Purnell, rh James
Raynsford, rh Mr. Nick
Reed, Mr. Andy
Reed, Mr. Jamie
Riordan, Mrs. Linda
Robertson, John
Robinson, Mr. Geoffrey
Rooney, Mr. Terry
Roy, Mr. Frank
Roy, Lindsay
Ruane, Chris
Russell, Christine
Ryan, rh Joan
Salter, Martin
Sarwar, Mr. Mohammad
Seabeck, Alison
Sharma, Mr. Virendra
Shaw, Jonathan
Sheerman, Mr. Barry
Sheridan, Jim
Simon, Mr. Siôn
Simpson, Alan
Singh, Mr. Marsha
Skinner, Mr. Dennis
Slaughter, Mr. Andy
Smith, rh Mr. Andrew
Smith, Ms Angela C.
(Sheffield, Hillsborough)
Smith, Angela E. *(Basildon)*
Smith, Geraldine
Smith, rh Jacqui
Smith, John
Snelgrove, Anne
Southworth, Helen
Spellar, rh Mr. John
Starkey, Dr. Phyllis
Stewart, Ian
Stoate, Dr. Howard
Strang, rh Dr. Gavin
Straw, rh Mr. Jack
Sutcliffe, Mr. Gerry
Taylor, Ms Dari
Taylor, David
Taylor, Dr. Richard
Thornberry, Emily
Timms, rh Mr. Stephen
Tipping, Paddy
Todd, Mr. Mark
Touhig, rh Mr. Don
Trickett, Jon
Truswell, Mr. Paul
Twigg, Derek
Ussher, Kitty
Vis, Dr. Rudi
Waltho, Lynda
Watson, Mr. Tom
Whitehead, Dr. Alan
Wicks, rh Malcolm
Williams, rh Mr. Alan
Williams, Mrs. Betty
Wills, rh Mr. Michael
Wilson, Phil
Winnick, Mr. David
Winterton, rh Ms Rosie
Woolas, Mr. Phil
Wright, Mr. Anthony
Wright, David
Wright, Mr. Iain
Wright, Dr. Tony
Wyatt, Derek

Tellers for the Ayes:
Mr. Dave Watts and
Claire Ward

NOES

Afriyie, Adam
Ainsworth, Mr. Peter
Alexander, Danny
Arbuthnot, rh Mr. James
Atkinson, Mr. Peter
Baker, Norman
Baldry, Tony
Barker, Gregory
Barrett, John
Beith, rh Sir Alan
Bellingham, Mr. Henry
Benyon, Mr. Richard
Beresford, Sir Paul
Boswell, Mr. Tim
Bottomley, Peter
Brady, Mr. Graham
Brake, Tom
Brazier, Mr. Julian
Brokenshire, James
Brooke, Annette
Browne, Mr. Jeremy
Browning, Angela
Bruce, rh Malcolm
Burstow, Mr. Paul

Burt, Alistair
Burt, Lorely
Cable, Dr. Vincent
Campbell, rh Sir Menzies
Carmichael, Mr. Alistair
Carswell, Mr. Douglas
Cash, Mr. William
Chope, Mr. Christopher
Clappison, Mr. James
Clifton-Brown, Mr. Geoffrey
Cormack, Sir Patrick
Cox, Mr. Geoffrey
Crabb, Mr. Stephen
Davey, Mr. Edward
Davies, David T.C. *(Monmouth)*
Davies, Philip
Dorrell, rh Mr. Stephen
Dorries, Mrs. Nadine
Duncan, Alan
Duncan Smith, rh Mr. Iain
Ellwood, Mr. Tobias
Evans, Mr. Nigel
Evennett, Mr. David
Fabricant, Michael
Fallon, Mr. Michael
Farron, Tim
Featherstone, Lynne
Field, Mr. Mark
Foster, Mr. Don
Fox, Dr. Liam
Francois, Mr. Mark
Gale, Mr. Roger
Gauke, Mr. David
George, Andrew
Gidley, Sandra
Gillan, Mrs. Cheryl
Goldsworthy, Julia
Goodman, Mr. Paul
Goodwill, Mr. Robert
Gove, Michael
Green, Damian
Greening, Justine
Greenway, Mr. John
Grieve, Mr. Dominic
Hammond, Mr. Philip
Hammond, Stephen
Hancock, Mr. Mike
Hands, Mr. Greg
Harper, Mr. Mark
Harris, Dr. Evan
Harvey, Nick
Hayes, Mr. John
Heald, Mr. Oliver
Heath, Mr. David
Hemming, John
Hendry, Charles
Herbert, Nick
Hoban, Mr. Mark
Hollobone, Mr. Philip
Holmes, Paul
Horwood, Martin
Hosie, Stewart
Howarth, David
Howarth, Mr. Gerald
Howell, John
Jack, rh Mr. Michael
Jackson, Mr. Stewart
Jenkin, Mr. Bernard
Kawczynski, Daniel
Knight, rh Mr. Greg
Laing, Mrs. Eleanor
Lait, Mrs. Jacqui
Lancaster, Mr. Mark
Laws, Mr. David
Lewis, Dr. Julian
Lidington, Mr. David
Lilley, rh Mr. Peter
Llwyd, Mr. Elfyn
Loughton, Tim
MacNeil, Mr. Angus
Malins, Mr. Humfrey
Maples, Mr. John
Mason, John
Mates, rh Mr. Michael
Maude, rh Mr. Francis
May, rh Mrs. Theresa
McIntosh, Miss Anne
McLoughlin, rh Mr. Patrick
Mitchell, Mr. Andrew
Moore, Mr. Michael
Mundell, David
Murrison, Dr. Andrew
O'Brien, Mr. Stephen
Öpik, Lembit
Osborne, Mr. George
Ottaway, Richard
Paice, Mr. James
Pelling, Mr. Andrew
Penning, Mike
Penrose, John
Price, Adam
Pugh, Dr. John
Randall, Mr. John
Redwood, rh Mr. John
Rennie, Willie
Robathan, Mr. Andrew
Robertson, Angus
Robertson, Hugh
Robertson, Mr. Laurence
Rosindell, Andrew
Rowen, Paul
Russell, Bob
Sanders, Mr. Adrian
Smith, Sir Robert
Soames, Mr. Nicholas
Spelman, Mrs. Caroline
Spink, Bob
Spring, Mr. Richard
Steen, Mr. Anthony
Streeter, Mr. Gary
Swayne, Mr. Desmond
Swinson, Jo
Swire, Mr. Hugo
Taylor, Mr. Ian
Teather, Sarah
Turner, Mr. Andrew
Tyrie, Mr. Andrew
Vara, Mr. Shailesh
Viggers, Sir Peter
Villiers, Mrs. Theresa
Walker, Mr. Charles
Waterson, Mr. Nigel
Watkinson, Angela
Webb, Steve
Wiggin, Bill
Willetts, Mr. David
Williams, Hywel
Williams, Mark
Williams, Mr. Roger
Willis, Mr. Phil
Willott, Jenny
Wilson, Mr. Rob
Wilson, Sammy
Winterton, Ann
Winterton, Sir Nicholas
Wishart, Pete
Young, rh Sir George
Younger-Ross, Richard

Tellers for the Noes:
Mr. Crispin Blunt and
James Duddridge

Question accordingly agreed to.

SAVING GATEWAY ACCOUNTS BILL (MONEY)

Queen's recommendation signified.

Motion made, and Question put forthwith (Standing Order No. 52(1)(a)).

That, for the purposes of any Act resulting from the Saving Gateway Accounts Bill, it is expedient to authorise the payment out of money provided by Parliament of any expenditure incurred by the Commissioners for Her Majesty's Revenue and Customs by virtue of the Act.—*(Ms Butler.)*

Question agreed to.

Business of the House

6.38 pm

The Leader of the House of Commons (Ms Harriet Harman): With permission, Mr. Deputy Speaker, I should like to make a brief business statement.

In the business statement I made to the House on 18 December, I announced that the business of the House for this Thursday, 15 January, would be a topical debate followed by a general debate on armed forces personnel. On Monday this week, I chose Gaza as the subject of the topical debate. That would have been a one and a half hour debate.

Since then, I have become aware that there are many hon. Members who want to contribute to the debate, and representations have been made to me to make it a full day's debate. I have therefore decided to put back the debate on armed forces personnel to another day and the business of the House this Thursday will be a full day's debate on Gaza.

Mrs. Theresa May (Maidenhead) (Con): I welcome the fact that the Leader of the House is giving the House more time in which to debate the important topic of Gaza; that is entirely appropriate. I do, however, have two questions on that debate and one question on the defence debate that has been moved.

In a topical debate, there are rules on the length of time for Front-Bench speeches and there are no winding-up speeches. Is it the right hon. and learned Lady's intention that the debate on Gaza will be run under the rules for topical debates or conducted as a general debate, where those rules do not apply? Secondly, will she confirm that the debate will be able to cover a wider remit than merely the immediate situation in Gaza? Will hon. Members be able to explore the implications for wider issues in the middle east?

On the defence debate that has been postponed, the right hon. and learned Lady will recall that in business questions before the recess, questions were asked about the extent to which that debate would cover procurement as well as personnel matters. Will she, first, guarantee that that debate will come to the House in good time and will not be postponed ad infinitum; and, secondly, reconsider the topic of that debate and fulfil the undertaking that she gave the House before Christmas to ensure that hon. Members would be able in that debate to discuss not only the important subject of armed forces personnel, but the subject of procurement, which will enable Members to consider the Government's decision to delay the procurement of two new aircraft carriers?

Ms Harman: I can confirm that the debate on Gaza will be a general debate, not an extended topical debate, and will therefore be run along the usual lines of general debate, with opening and closing speeches from the Front Benches. As for its remit, the topic will be Gaza, but although it is a matter for the Chair, I am sure that it will be possible to raise the wider implications extending beyond Gaza and the region.

The right hon. Lady asks whether the armed forces personnel debate will be held in good time. We intended it to take place this Thursday and we do not want to postpone it too long. I shall make an announcement to the House in due course.

The right hon. Lady knows that, by tradition, there are set defence debates, and the topic of one of them, by custom and practice, is armed forces personnel. The question of the armed forces having the right equipment and the procurement of that equipment could no doubt be raised in that debate, as and when it takes place, which I hope will be in good time.

Mr. David Heath (Somerton and Frome) (LD): I, too, welcome the right hon. and learned Lady's statement. We in this House are often accused of not using our time to best effect, evidenced by the fact that last night Government business finished at 8.30, and tonight we have a further three and a half hours that will not be used; that is five hours that could have been used to debate important matters. Nevertheless, as she knows, I wrote to her last week suggesting that we should have a debate on Gaza. The need for that was clearly shown during yesterday's statement, when many right hon. and hon. Members who wished to contribute were unable to do so. I therefore wholly welcome what she has proposed today.

I echo the point made by the right hon. Member for Maidenhead (Mrs. May): we need the debate on defence to take place at the earliest possible opportunity, because there are many important matters in that field that the House needs to debate as a matter of urgency.

Ms Harman: I welcome the hon. Gentleman back to his position as Liberal Democrat spokesman on Leader of the House matters. The first representation I received from him was a request to extend the topical debate on Gaza to a full day; I am glad that I have been able to respond to his request.

Mr. David Winnick (Walsall, North) (Lab): I thank my right hon. and learned Friend for characteristically responding so quickly to the strong feelings in the House about the horrifying tragedy that is continuing in Gaza. We on the Labour Benches, whatever view we take, are very grateful indeed for what she has done.

Ms Harman: I thank my hon. Friend for his comments. I am sure that it will be an extremely important debate.

Mr. Crispin Blunt (Reigate) (Con): I join other right hon. and hon. Members in welcoming the debate on Gaza. However, the written defence statement made before Christmas means a substantial cut and delay to elements of the defence equipment programme. It was pretty disgraceful that that only came out in a written statement. It is the abandonment of the—

Mr. Deputy Speaker (Sir Michael Lord): Order. I am sure that the hon. Gentleman is aware that that is not the matter that we are discussing. He ought to direct his remarks to the fact that we are to have extended time for the debate on Gaza on Thursday.

Mr. Blunt: The casualty of that understandable decision is that there will not be an opportunity to examine, not even in a rather less than timely manner, the serious implications for the defence equipment programme.

[Mr. Blunt]

which the Leader of the House said could be examined in a debate on personnel, strangely enough. I urge her to bring forward a debate on defence, in which that substantial cut to the defence equipment programme can be examined, as soon as possible.

Ms Harman: We will find time for the armed forces personnel debate, and to debate questions of procurement, as is custom and practice. Both are important, but what I am telling the House today is that many more people wanted to speak in the debate on Gaza than could have been accommodated in an hour and a half. We are talking about an important issue, and I hope that, generally, people will recognise that it is right to change the business for Thursday.

Dr. Julian Lewis (New Forest, East) (Con): I fully concur with the reasoning of the Leader of the House on the substitution of debate topics, but when she addresses the issue of reinstating the armed forces personnel debate, will she try to bring forward a date for the armed forces procurement debate, which is normally one of the five annual debates? She did her gallant best to try to square the circle of there not having been an announcement on the Floor of the House about the carriers by saying that we could talk about the subject in a personnel debate, but that is not very satisfactory. We need to talk about the procurement issue in a procurement debate as soon as possible.

Ms Harman: There will be an annual debate on procurement, and an annual debate on armed forces personnel. I had not understood the hon. Gentleman to be saying that the two should be put into one debate—

Dr. Lewis: No, they should be scheduled closely together.

Ms Harman: Of course the subjects are interrelated. Well, we will have to reflect on that suggestion.

PETITION

Northern Rock

6.48 pm

Mr. Denis Murphy (Wansbeck) (Lab): Mr. Deputy Speaker—*[Interruption.]*

Mr. Deputy Speaker (Sir Michael Lord): Order. Will hon. Members who are leaving the Chamber please leave not en masse, like a football crowd, but quietly, so that we can get on with the business? That would be helpful.

Mr. Murphy: Thank you, Mr. Deputy Speaker. The petition, signed by 76 petitioners, states:

> The Petition of small shareholders and supporters of Northern rock of the Wansbeck constituency in the North East of England,
>
> Declares that it welcomes the acknowledgement by the Government that it must pay compensation for nationalising Northern Rock plc, but that the terms of reference for the valuation of the shares are wrongly based as the company was not in administration and was still a 'going concern'.
>
> Further declares that if these terms are unchanged there will not be a fair compensation payment which will lead to many in our region having their savings and pensions undermined which in turn will have a negative impact on the North East's economy.
>
> The Petitioners therefore request that the House of Commons calls on the Government to reconsider the terms of reference given to the valuer so that he can fully reflect the true value of Northern Rock shares.
>
> And the Petitioners remain, etc.

[P000305]

Mr. Christopher Chope (Christchurch) (Con): On a point of order, Mr. Deputy Speaker. Will you help the House? Today, motion 4 on the Order Paper was not moved by the Government, notwithstanding the fact that there are some three and a quarter hours left for debate, which can go on until 10 o'clock. The motivation for not moving motions 4 and 5 seems to be the fact that if they were moved, we would have the opportunity to debate them, and—

Mr. Deputy Speaker: Order. I am sorry to cut the hon. Gentleman off, but the Chair plays no part in deciding whether Government motions are moved, so I am afraid that I cannot help him on that point of order.

Flooding (South Ribble)

Motion made, and Question proposed, That this House do now adjourn.—*(Ms Butler.)*

6.49 pm

Mr. David S. Borrow (South Ribble) (Lab): I welcome the opportunity to raise the issues of flooding and drainage in my South Ribble constituency. The constituency lies on the Lancashire plain between Preston and the River Ribble in the north, and Southport in the south. The land is flat and low-lying, and much of it has undergone rapid residential development in recent years. Since the 17th century, hundreds of hectares of land in the Banks and Hesketh bank area have been reclaimed from the Ribble estuary. In addition, an inland mere, which stretched from the village of Rufford to the coast, has been drained. All in all, some of the best arable land in the country is in my constituency, but its future productivity relies on a good, well-managed drainage system.

Over the past 10 years, there has been a steady increase in the frequency of flooding and drainage problems. Since the summer, I have held two public meetings: one in New Longton, attended at a few days' notice by about 60 people, and one in the village of Banks, attended by over 100 residents. Although my constituency is coastal—some people might say that it is estuarial, as it lies on the Ribble estuary—the main problem is not tidal flooding but the inadequacy of various watercourses, drains and sewers in coping with periods of heavy rain. Responsibility lies with four public bodies in addition to local landowners. The Environment Agency has responsibility for the main river watercourses, and there is concern that the switch of emphasis in funding has led to cuts in the maintenance of watercourses. Local district councils—in my case, South Ribble borough council and West Lancashire district council—have powers to ensure that local landowners maintain ditches and watercourses on their land. The use of that power is critical, as it is not uncommon for a landowner to face flooding as a result of a blockage in adjacent land, even though that land is not affected.

Lancashire county council, as the highways authority, is responsible for highways drainage, and United Utilities is responsible for the sewerage system. At both public meetings, issues were raised that illustrate the way in which the responsibilities of the various public bodies are interlinked. Without a close working relationship, tackling any of those issues becomes even more difficult. Following the highest recorded rainfall for 60 years, there was extensive flooding to properties in Chapel lane and the surrounding area in New Longton on 21 January 2008. Lancashire county council has explained that the drainage system in Chapel lane is relatively complex, relying on a combination of private ditches and culverts, highways drains and public sewers. A short-term remedial action programme was put in place, and plans were drawn up to replace a number of drains and culverts, including private ones. Unfortunately, on 26 October 2008, floods occurred once again. In a few weeks' time—and I am grateful to Lancashire county council—a major scheme costing more than £100,000 will begin, including private drains as well as the replacement of the highways drains. However, drains from the Chapel lane area eventually flow into private drains further down the channel, and South Ribble borough council has played a key role in ensuring that the private drains downstream are unblocked and adequate when the work is completed in the Chapel lane area.

In Banks, residents raised a series of problems in various parts of the village. Much of the village is below sea level, and many of the incidents have arisen because sewers and drains had become blocked. I received a letter from United Utilities last week that gave detailed information about the numerous blockages in the sewerage system and the inadequacies of the system as a whole in many areas. United Utilities pointed out that tackling the problem of inadequate sewers would require additional investment and that properties that suffered internal flooding were its highest priority. United Utilities works on a five-year investment programme, and the limit for its expenditure is set by the regulator. The next programme is due to start in 2010, but Ministers must bear in mind the fact that if we limit that investment programme we will reduce the opportunity to tackle the problem.

Mr. Lindsay Hoyle (Chorley) (Lab): As the regulator does not allow the company to put prices up, we ought to ask United Utilities to pay less to its shareholders so that it can make more investment in the proposed schemes. Does my hon. Friend not agree that that is another way forward?

Mr. Borrow: There are various ways in which we could look to get more funding for front-line work improving the sewers, and the profits made by United Utilities is one such way. The Government need to recognise that as floods and the drainage system problems get worse, reliance on a fixed level of funding to tackle the issue means that we will not be able to keep pace with the increasing problems. I am aware that my hon. Friend has significant flooding problems in his own constituency, not least in the village of Croston, which I know well.

The difficulties with sewers, as I mentioned, are related to the amount of residential development. Many of the villages have old sewerage systems that could barely cope with the number of properties that existed 20 years ago, yet the planning process has no mechanism to stop the building of new developments unless adequate sewerage facilities are in place. New estates are tagged on to the system, which overloads an already stretched system. When heavy downpours put pressure on the system, sewage in the streets and problems in people's houses are not uncommon in villages such as Banks. We should not have to put up with that. All these issues are linked.

Mr. Nigel Evans (Ribble Valley) (Con): Does the hon. Gentleman agree that when the local authority receives planning applications, particularly in respect of areas of land that are known to flood regularly, the onus should be on it to place proper responsibility on the developer to ensure adequate drainage? The last thing people want is to buy a brand new house and experience flooding the first time there is heavy rain.

Mr. Borrow: Those issues were discussed at length at the public meeting that I held at Banks. Representatives of West Lancashire district council, United Utilities and the Environment Agency attended the meeting. Although the Government altered the rules a few years ago to ensure that the planning authority takes into account the concerns of the Environment Agency about

[Mr. Borrow]

flooding on the flood plain, and can refuse planning applications on that basis. I do not think that the planning authority has the same powers in relation to concerns about the sewerage system. My view, and the view that came over strongly at that meeting, not least from people connected with local authorities, was that some powers should be given to local authorities, if necessary within certain limits, to stop new development if the sewerage system is not adequate.

What is clear and has been highlighted in reports on flooding in other areas is the need for properly co-ordinated systems to be set up between the various agencies. In my area, that would be United Utilities, the Environment Agency, Lancashire county council as my highways authority, and the district councils. They all need to give high priority to flood prevention works. Although in many cases the work that they have to do may seem fairly minor and unimportant, failure to carry out that work can undermine a bigger programme of work undertaken by one of the partner organisations. There must be much more emphasis from the Government on the need to tackle these issues.

In west Lancashire, the various agencies now have a programme of working closely together. That needs to be pushed even more strongly, and I urge Ministers to realise the importance of such programmes and to ensure that agencies work more proactively together, rather than doing their little bit of the jigsaw without understanding how it fits into the wider picture.

I shall speak briefly about the problems in agricultural areas. I am concerned that funding is being directed from farming areas. There needs to be some recognition of the importance of first class arable areas, such as those in my constituency. It is crucial that the Environment Agency maintains its watercourses. A significant area of land is shrinking in my constituency, and in areas such as Johnsons Meanygate in Tarleton, flooding has taken place because there is insufficient gradient left to take the water away and there are no pumps to enable the water that used to go down the watercourse to be pumped into the next stretch of the watercourse. The Environment Agency is reluctant to invest in new pumping systems and I know of the NFU's concerns about the maintenance of existing pumping systems in my constituency. Again, this issue needs to be borne in mind by Ministers in their dealings with the Environment Agency.

About 30 years ago, several hundred hectares of land in the Ribble estuary was reclaimed from the sea at Hesketh Outmarsh. This was the last major reclamation scheme in the area. Last year, about half of this land, 170 hectares, at Hesketh Outmarsh West, was returned to salt marsh under a scheme supported by the Environment Agency and the Royal Society for the Protection of Birds. This is the largest single managed realignment of the coast in England. The sea wall was breached last year, and, using old photographs from the 1970s, ditches were dug to recreate the original channels. In time, we will have a new bird sanctuary in one of the key estuaries for migrating birds in the country. The salt marsh will also act as a recipient for flood water at high tides, safeguarding communities further up the River Ribble.

There remains, however, concern among some farmers and the NFU over the impact of the scheme further up the catchment area as the main water course, Hundred End gutter, will be fitted with a lock-down system during high tides. The Environment Agency has done modelling work to show that the new system will not increase the risk of flooding upstream. The NFU and local farmers should be invited to see and discuss this modelling work, because it is crucial that everything is done to ensure that local farmers have confidence in the changes that are taking place. I know that we cannot guarantee that no flooding will take place in future because we have been unable to guarantee that with the existing system, but there is a real fear among a number of farmers in the area that the changes will make things worse. I have had lengthy discussions with the Environment Agency and I would welcome its setting up a meeting to discuss the detailed data and the modelling process with local farmers and the NFU to try to win confidence that the system will work.

The final matter that I want to raise concerns the impact of the new drainage rates being introduced by United Utilities on places of worship. As I understand it, places of worship have paid water rates based on a water meter and surface drainage rates have been linked to the metered water charges. Since April 2008, the drainage rate has been replaced by a charge based on the area of land and buildings that require surface drainage. I have had representations from many churches, including New Longton Methodist, King's Free Methodist in Penwortham, St James church, Lostock Hall, and the orthodox congregation based at the former Leyland Lane Methodist chapel in Leyland. While new charges are being phased in—we are in the first year of the three-year phasing process—the increase in charges is huge for most places of worship.

I have had a meeting with representatives of Ofwat who set the rules for United Utilities when it moved on to the new charging system. I have also seen the guidance that Ofwat was given by the Department for Environment, Food and Rural Affairs. It is clear to me that my hon. Friend the Minister needs to look again at the matter and give Ofwat and, in turn, United Utilities, the power to set up a different system of charging for places of worship. By their nature, they tend to use little water and have paid little in water and drainage charges in the past. Those that have provided off-street car parking for their worshippers now find themselves faced with huge bills.

To sum up, I should like the Minister to consider the issue of United Utilities' investment in the future, which is crucial, the planning process and how we can ensure that we do not add further properties to inadequate sewerage systems, which is what is happening all over the place at the moment. We need an assurance from the Environment Agency that priority will be given to good agricultural areas and that it will continue to maintain and look after water courses and, where necessary, put in fresh pumping systems and maintain existing pumping systems. We need to ensure that there is continued and improved co-ordination between the main agencies. I ask my hon. Friend to be prepared to look again at the issue of drainage rates for places of worship.

7.5 pm

Mr. Nigel Evans (Ribble Valley) (Con): I intend to make only a short contribution to a very useful debate.

As the hon. Member for South Ribble (Mr. Borrow) said, several of us have in our constituencies villages and areas that are affected by flooding for one reason or another. I agree that the number of agencies involved sometimes leads to confusion. It would be useful if the Environment Agency acted as an arbiter when United Utilities or the county council says, "It's not our responsibility—it's somebody else's", and we cannot determine whose responsibility it really is. There should be far more transparency and clarity so that those under the threat of flooding are able to get it sorted out whenever that is possible.

A number of villages in my area have been affected by flooding in the 16 years that I have been the Member of Parliament there. My own village has not been affected by flooding, but there is a brook that runs through it and we have had to try to get it cleared because it is amazing how quickly the foliage grows. When I wrote to the county council on behalf of local residents, I was told, "It would be a cosmetic exercise and we haven't got money for those." Fortunately, it eventually got sorted out with the assistance of County Councillor Albert Atkinson. The maintenance of these watercourses is vital. The Government say that they want to do a lot of public spending to help the economy, so this would be exactly the right time to prioritise that. Once a brook or a water course has been cleared, it is far easier to maintain it than to try to get it sorted out when it has been let go for a few years. The operation is far more expensive when it is completely overgrown or there has been a blockage.

As the Minister will know, flooding is awful for residents. It is a constant worry when they are not flooded and a complete nightmare when the rains come suddenly and their homes are damaged. I could name a number of villages in my area that have been affected during my 16 years as Member of Parliament. I once went to Bolton-by-Bowland post-flooding and spoke to several villagers there. One's heart sinks and one's eyes fill with tears when one sees the anguish on their faces, with their homes completely destroyed and the clean-up that has to take place. If a village is hit by flooding time and again, residents often have an insurance problem—companies do not want to insure them or the premiums go right through the roof.

This is a vital issue that needs to be properly addressed. I agree with the hon. Member for South Ribble that we must look again at the planning system. In some cases, planning permission seems to be given in areas where the locals know that land is affected by flooding. Locals ask, "Why has planning permission been given for that?", but in some cases there is apparently no choice. Unless there is going to be proper drainage that can be proven to be effective, homes should not be built.

I hope that the Minister is able to give some assurances not only to South Ribble but to the wider area of Lancashire constituencies. It is a fantastic county, but we get more than our fair share of rain, and therefore the problems that are associated with it.

Mr. Lindsay Hoyle (Chorley) (Lab) *rose—*

Mr. Deputy Speaker (Sir Michael Lord): Order. Although we are not short of time, the debate is technically about flooding and drainage in South Ribble, which is presumably a constituency that has carefully defined boundaries. I am not absolutely conversant with the course of the Ribble, but I am prepared to call the hon. Gentleman on the basis that it touches various Members' constituencies.

7.9 pm

Mr. Lindsay Hoyle (Chorley) (Lab): Thank you, Mr. Deputy Speaker. To help with the geography, my constituency adjoins South Ribble and I am affected by its problems, so let me start by saying that geographically I suit these purposes.

I congratulate my hon. Friend the Member for South Ribble (Mr. Borrow) on bringing this debate to the House. It is critical that we take account of west Lancashire and South Ribble. The River Yarrow comes from Chorley and it feeds into the constituency of South Ribble. My hon. Friend the Member for South Ribble mentioned the village of Croston, which is in my constituency. After the next election, tragically, that most beautiful of villages will be moved out of Chorley. It has suffered from flooding in the past, and I know that it will be put into good hands, and that the fight to protect Croston will continue. In the past, the Government have made good investment through the Environment Agency, but the village still experiences the problems of flooding.

The brooks that feed into the River Yarrow feed into the area, and none more so than one called Eller Brook. The problem with that brook is that it is a feeder. We know that there are problems, which brings us back to the point raised by the hon. Member for Ribble Valley (Mr. Evans): who maintains the brooks, and why are they not being maintained? The biggest problem is the role of local authorities. District authorities have a responsibility for small brooks, but they say, "Not me, guv. It is somebody else." That is the problem. The Environment Agency says, "Not me. It is the district authority." The district authority says, "We don't think that we agree with that. It could be the county council." The county council then says, "Not really us. What about United Utilities?" It is buck-passing. That is the biggest problem that we face.

Mr. Borrow: Would my hon. Friend agree that the idea of getting agencies to work together is crucial to stop that buck-passing? It happens in district areas, and in our part of our Lancashire we also have to deal with what happens when the problem is tackled well in one district but not in the next. That can have an adverse effect, to put it bluntly. If problems are not dealt with well in Chorley, that will have a bad effect on South Ribble because we are a bit downstream, and we are likely to get floods if the problem is not dealt with in Chorley.

Mr. Hoyle: I totally agree, and that is the point. We have to ensure that we reflect the right image and have the best practice. Authorities have to share best practice to ensure that the people of South Ribble do not suffer because of neglect taking place in Chorley or in other districts. I take that point on board; it is part of the key issue.

My hon. Friend rightly referred to who is responsible. Is it a question of private ownership? The Government have to look at that. Historically, private clearance of ditches does not take place and the Environment Agency ought to have new powers so that in cases where private owners of a ditch or sewer are not dealing with a

[Mr. Hoyle]

problem, the agency has the power to clear the blockage and charge for it. It is a matter of ensuring that we all benefit, and the Minister may want to take that point on board.

My hon. Friend rightly touched on another key point about United Utilities and other water companies, and when I consider it, it worries me more than anything. They are caning the churches, sporting organisations and charities alike. We are talking about surface water, which God provides for nothing, but United Utilities and other water companies want to charge the Church for what runs off the roof. The churches already, quite rightly, pay for sewerage and for the water that they use. But water companies such as United Utilities have arbitrarily told churches that they owe a certain amount of money. There is no proof that the water is not soaking away, or that it is going into the sewer. The obligation should be on the water company to prove whether that is the case, but it has made the churches liable. That has got to be stopped, and the situation needs to be rethought.

United Utilities has not done any impact study. It has introduced huge charges that will close churches throughout the north-west, and other water companies will close churches throughout the country—my hon. Friend referred to the churches in South Ribble. I say to the Minister that the effect of the charges will be wholesale closures, despite the fact that there has been no impact study. No thought has been given to the consequence of these thousands of pounds of charges. On average, each church will have to pay an extra £3,000. Where will they find that money? They will find it from the congregations. Why have we allowed the water companies to do that?

The previous Secretary of State said that the water companies should not impose charges on churches, so we must remove them. They are totally unacceptable, and I have not heard any customers say that it is right to charge the churches. Nobody agrees with it, and the time has come for the Government to stand up, put the water companies in line and not allow them to make the charges; otherwise, there will be wholesale decimation of churches throughout the country, which is not what we want. We want the Government to support the churches, sporting organisations and charities that have suddenly had charges imposed on them. It is a big issue, and it will not go away. On the Downing street website, I think that it has the fastest growing number of objectors. We need to consider it quickly.

I thank the Minister for his time, I thank you, Mr. Deputy Speaker, and I thank my hon. Friend the Member for South Ribble for allowing us to join in the debate.

7.15 pm

The Parliamentary Under-Secretary of State for Environment, Food and Rural Affairs (Huw Irranca-Davies): I begin by congratulating my hon. Friend the Member for South Ribble (Mr. Borrow) on securing the debate and on the way in which he has led the discussion in his constituency, with public meetings and meetings with utility companies, the Environment Agency and others. He has done sterling work on behalf of his constituents and kept them informed. I am happy to respond to the issues that he and other hon. Members have raised.

My hon. Friend is right that, as we have seen clearly in recent years, flooding is a serious, significant problem that has a devastating impact on all those who are touched by it. As hon. Members will know, there have been a number of high-profile flooding events across the UK in recent times. I am therefore pleased that the debate allows me to reaffirm the efforts that we are making to improve the management of such risks to the benefit of all people across the UK, not least in my hon. Friend's constituency and those adjoining it. South Ribble has experienced at first hand the consequences of both fluvial and surface water flooding events.

My hon. Friend outlined a number of concerns, as did my hon. Friend the Member for Chorley (Mr. Hoyle) and the hon. Member for Ribble Valley (Mr. Evans). I shall try to address them as well as provide an overview of the work that is being carried forward to improve our management of flood risks.

I know that various hon. Members have been concerned about the perceived rural to urban shift of resources. I can confirm that there is no intended bias against rural projects in the prioritisation approach adopted by the Environment Agency. Government policy is simply and straightforwardly to achieve maximum benefit from expenditure, and I know that my hon. Friend the Member for South Ribble and others will welcome that. In accordance with that policy, the Environment Agency takes a risk-based approach, directing its resources to the areas of highest risk, where investment yields the greatest benefits. That is a straightforward cost-benefit analysis.

The approach might mean that projects are less likely to go ahead in sparsely populated areas, as they tend to be less beneficial than projects that protect a larger number of people or carry higher asset values for a given cost. It is worth pointing out that when a priority score is assessed, the benefits of a project are compared with its cost. The crucial measurement is of the benefits per unit cost, not the absolute benefit of a proposal.

Mr. Borrow: Will my hon. Friend clarify the priority or weighting that is given to the quality of the agricultural land affected? It is fairly obvious that a lot of the best quality arable land is in low-lying areas that are at risk of flooding unless the drainage is kept really good. If there is not investment in such land, we risk losing acres and acres of first-class arable land.

Huw Irranca-Davies: My hon. Friend makes an important point. In response to issues that he and others have raised, only last year we reviewed the economic appraisal of agricultural land. It was revised marginally upwards, and we are now considering whether to set specific outcome targets. We actively examine the matter, but we must ensure that there is balance in the prioritisation to ensure that we get the best value for money. We considered the issue only last year, when the appraisal was revised marginally upwards, and we will continue to examine it to see how we can obtain best value for money.

The appraisal is based on unit costs, not on absolute benefits, and that should ensure that smaller projects, including rural ones, are considered on an equal footing with larger, often urban projects. Furthermore, as we announced in our response to Sir Michael Pitt's report on the flooding events in summer 2007, we have allocated an initial £5 million to improve property-level resistance to flooding. That will be concentrated on areas that do not stand to benefit from community-level protection schemes. Applications should be made via local authorities, and I am happy to send details of the scheme to my hon. Friend.

I understand my hon. Friend's concern about developments without adequate planning for drainage. Water and sewerage companies are not statutory consultees in the planning process because problems with water supply or sewerage are already material considerations in planning cases, and they should be given that weight. I know that developments are proposed in my hon. Friend's constituency, and if a local planning authority believes that a development would give rise to a water supply or sewerage problem, the authority should consult the relevant water company. When such problems cannot be resolved, the local planning authority should refuse permission for new housing.

Developers should work closely and at an early stage with water and sewerage companies so that new water supply and disposal infrastructure is timed to coincide with the development that it serves.

Mr. Hoyle: Obviously, there are two interests. First, water companies have the benefit of extra water rates, and local authorities gain because they receive extra council tax. The problem is that they work together to give planning permission. If they refused planning permission and there was an appeal, which they lost, would they have costs awarded against them?

Huw Irranca-Davies: I am happy to clarify that point in a moment, but if adequate supply and disposal of water cannot be provided, the local authority has jurisdiction to refuse planning permission.

Water companies are statutory consultees on regional spatial strategies and local development plan documents. Under the plan-led system, planning applications are determined in accordance with the development plan, unless material considerations signify otherwise. The current system works well, albeit with the occasional glitch, so the Government have no plans to make water and sewerage companies statutory consultees. However, if evidence emerged that the current approach was not working effectively, we would consider the matter further. We keep an active eye on it.

On ditch maintenance, more than half of all flood assets in England and Wales are owned and managed by third parties—organisations or private individuals other than the Environment Agency. To address that risk, the Environment Agency has put in place risk-based policy and guidance to help its maintenance teams to work consistently with owners of third-party flood assets throughout England and Wales. When fully implemented, that policy and guidance will put the Environment Agency in a position where all third-party owners will be aware of their obligations to maintain standards of flood assets within a set time scale, and the Environment Agency will take over the assets when it is in the public interest for it to do so.

Furthermore, under the Land Drainage Act 1991, the erection or alteration of any mill dam, weir or similar obstruction to the flow of any watercourse, requires Environment Agency consent prior to the commencement of works. Therefore, if landowners wanted to undertake any work that is likely to cause a temporary obstruction to the flow, they would require Environment Agency consent.

My hon. Friend the Member for South Ribble also mentioned the Hesketh Outmarsh West scheme. I understand that local people and those landowners affected are worried about the impact of the recent works completed there, which involved the Environment Agency undertaking substantial repairs to the primary sea defences. The work was done in conjunction with the managed realignment of former private defences—I have spent some time this week with colleagues from the Environment Agency looking at the issue in some detail—and the creation of 168 hectares of tidal salt marsh habitat. The work has raised the condition standard considerably and now offers a robust defence against tidal inundation in that location. Hundred End Gutter, the main drainage watercourse from the hinterland, has had a new larger tidal outfall constructed where it passes under the repaired primary sea defence.

I can reassure my hon. Friend and his constituents that the computer modelling, which he referred to, of the watercourse system to the rear of the refurbished sea defence was carried out for both the existing and the new arrangements. The intention was to ensure that the replacement outfall is suitable to discharge extreme high flows during periods of heavy rainfall. The modelling results indicated only a minimal difference to existing upstream flood levels, even when the system was locked out for periods during high tide cycles. However, I am glad to announce that I have already contacted my colleagues in the Environment Agency, who have confirmed that they would be more than happy to facilitate a meeting with my hon. Friend, farmers, the National Farmers Union and others—

Mr. Hoyle: And neighbours.

Huw Irranca-Davies: Indeed. That will allow us to review further the concerns expressed. I encourage my hon. Friend the Member for South Ribble to contact the Environment Agency's offices directly to take that forward.

Let me address the issue of foul flooding. Ofwat is an independent economic regulator, as my hon. Friends know, and Ministers do not have the authority to instruct it on how to set price limits to deal with foul flooding or otherwise. However, in the principal guidance to the director in the 2004 periodic review of price limits, the Secretary of State said that the Government would work with the regulators to improve the co-ordination of approaches to address all types of flooding risk in the most cost-effective manner. I will return to that in a moment and outline some of the proposals that we have recently introduced.

On United Utilities and its investment in capital projects, I am not a spokesman for United Utilities, but I am advised that—

Mr. Deputy Speaker: Order. May I gently remind the Minister that he should address the Chair? I know that it is tempting to address the Member whose Adjournment debate it is, but he must address the Chair.

Huw Irranca-Davies: My apologies, Mr. Deputy Speaker. As you can see, I have a tendency to turn with my body rather than with my neck, so it is not easy for me to turn both ways, but I fully appreciate what you have said.

[Huw Irranca-Davies]

Between 2005 and 2010, United Utilities will have invested more than £160 million to solve sewer flooding in the north-west. Although United Utilities, like other water companies, cannot confirm investment plans for the next price review period because it is in negotiations with Ofwat, we look forward to those plans coming forward, subject to Ofwat's consideration of them, so that we can look at them in detail. Ofwat sets price limits for the water companies. During the periodic review, it considers proposals from water companies such as United Utilities to increase investment in the public sewerage infrastructure.

Let me deal with the issue of building in areas of high flood risk and the relation with policy planning guidance in PPS25. PPS25 is entitled "Development and Flood Risk" and seeks to ensure a number of criteria, including that development is located away from flood risk where possible; inappropriate development in flood risk areas is avoided; flood risk is assessed so that it can be avoided and managed; and flood risk is taken into account at all stages in the planning process. I will return to some of our proposals and how we will take the process forward in a moment. However, it is important to recognise the guidance against which the current planning and policy guidance sits.

An important issue that my hon. Friends the Members for South Ribble and for Chorley have both raised relates to the impact of water rates on organisations such as churches and other places of worship, third sector groups and sports clubs. That is a valid concern, and I have had a number of letters on the subject as well. We are aware of the issue, and we are considering the representations and trying to find a way forward, recognising that the potential impact on some of those organisations—albeit during the transition period while the measures are being phased in—could be significant. I am keen, as a Minister, to look at that to see whether there is a way forward, without making cast-iron pledges at the Dispatch Box today.

I understand that, in recent history, the constituency of my hon. Friend the Member for South Ribble has experienced the impact of flooding. In January and October 2008, about 120 homes were affected, largely in New Longton and Much Hoole, with the main problem being surface water and the over-topping of drains resulting in flooding. Surface water flooding is a serious issue and, as such, it was announced in the Government's response to Sir Michael Pitt's report on the summer 2007 flooding events that we are proposing new legislation in March and April 2009 to support local authorities in this leadership role for managing local surface water flooding. That will included new duties on them to fulfil the leadership role. There will be a new duty to take direct responsibility for managing flooding from surface run-off and groundwater, and new duties on other organisations to co-operate and to provide information that will help the local authorities to understand the risks posed and to put in place arrangements to manage them. Building strong and constructive partnerships with other organisations that have responsibilities for parts of the local flood risk management infrastructure to take forward joint action will be a key aspect for local authorities to develop as part of their leadership role. Many hon. Members have commented on the need for clarity among the various agencies, and I shall explain what more we are doing on that in a moment.

The full response to the Pitt report was published on 17 December by my right hon. Friend the Secretary of State for Environment, Food and Rural Affairs. The Government are taking action on all 92 recommendations in the review, covering a wide range of issues including how to improve flood prevention, how to reduce the impact of flooding, how to cope better when floods happen, and how to help areas to recover more effectively from such events.

The review set out new strategic roles for the Environment Agency and for local authorities to prevent and prepare for flooding from all sources, and the Government are now putting those in place. Many of the more important changes will require new legislation, in order to be fully effective, and I shall return to that issue in a moment. However, there is much that can be done in the meantime. We have written to all local authority leaders and chief executives to encourage them to start delivering on the programme set out in our response to Sir Michael Pitt's review.

We are also providing significant funding to help to support the implementation of Sir Michael's recommendations. This includes £15 million from the Pitt fund, and an estimated total of £12 million that local authorities are expected to spend in this area from existing budgets in 2009-10 and 2010-11. The Government have also announced that we will bring forward £20 million of spending on flood and coastal management from 2009-10 to 2010-11 as part of the fiscal stimulus package.

As well as taking action on surface water, further key points of the action plan include an extra £8.5 million for the Environment Agency in its new role as the organisation with overall responsibility for flooding, to make flood warnings available to ex-directory households, to improve how potential surface water flooding is predicted and mapped, and to help the agency to implement the other recommendations. A £7.7 million flood forecasting centre, run by the Met Office and the Environment Agency, will be created to improve the country's ability to predict and respond to flooding by providing a single national forecasting and alert service, and to help emergency responders to prepare for and respond to flooding.

There will also be £5 million to help people to protect their own homes better, through installing flood protection measures such as door boards and air-brick covers. Those are simple, practical measures. They will help, for example, in cases where it is not possible to provide protection through larger community-level defences, such as in parts of my hon. Friend's constituency.

That is not all the work that we are undertaking. As we announced previously, we increased Government investment in flood risk management in 2008 to £650 million and, given the record £2.5 billion that will be invested over the current three-year spending period, we have more than doubled the investment of the late 1990s. It is not just a matter of numbers, as the hon. Member for Ribble Valley implied it was, as it is about the lives and well-being of real people who live with the risk of flooding.

Through various measures, we have now significantly reduced flood risk to more than 125,000 homes in the past three years alone, but there is more to be done.

Over the next two years, we will offer an improved standard of protection against flooding or coastal erosion risk for 145,000 more homes, including 45,000 of those at the greatest risk. We are making solid progress, but I accept that there is more to be done and that we must not rest on our laurels.

Without any reference to the floods and water Bill that will be so important, let me say in conclusion that hon. Members will accept that we will never be able completely to eradicate the threat of flooding, but that I am confident that we are much better prepared today for the challenges we will face in the coming months and years. I am sure that the policies that we are putting in place will help us to improve our ability in future to cope with flooding events, both nationally and locally in areas such as the constituencies of my hon. Friend the Member for South Ribble, the hon. Member for Ribble Valley and others.

Question put and agreed to.

7.36 pm

House adjourned.

House of Commons

Wednesday 14 January 2009

The House met at half-past Eleven o'clock

PRAYERS

[MR. SPEAKER *in the Chair*]

Oral Answers to Questions

DUCHY OF LANCASTER

The Minister for the Cabinet Office and Chancellor of the Duchy of Lancaster was asked—

Power of Information Task Force

1. **Derek Wyatt** (Sittingbourne and Sheppey) (Lab): What steps his Department is taking to encourage greater consultation with individuals and local communities on shaping public policy and services through its work on the power of information task force. [246511]

The Parliamentary Secretary, Cabinet Office (Mr. Tom Watson): As the web approaches its 20th anniversary, we can all see that the internet is driving changes in expectations about Government, business and social life—changes that large institutions of all kinds have struggled to cope with in the past. However, the fog of uncertainty about how the internet can help us all is starting to lift, and we know that the public expect us to try a lot harder than simply putting online what was once offline. The power of information task force has been finding out about how smarter engagement with the net can lead to new expectations about Government. That will be led and informed by the public.

Derek Wyatt: I am sure that I do not have to tell my hon. Friend how important nationally social networking sites are, but I wonder whether he has pondered how important they are locally, especially for MPs? May I persuade him to think about creating a FTSE 100 of social networking sites that do brilliant things locally? *[Interruption.]* Perhaps he could also borrow from the e-inclusion awards in Vienna, and create annual awards for e-inclusion in the United Kingdom. *[Interruption.]*

Mr. Watson: I fear that a few of our analogue representatives on the Conservative Benches are not great enthusiasts for my hon. Friend's suggestion, but I think that it is a wonderful idea, and I shall consult my Twitter community to see how best we can do what he suggests.

Jo Swinson (East Dunbartonshire) (LD): Is the Minister aware of mySociety's five priorities for how the Government deal with the internet, particularly those concerning how the Government can free up data, create large-scale e-consultations, and open up a variety of Departments and public bodies to the internet for constituents to interface with? *[Interruption.]* Will the Minister listen to those experts, and make sure that their innovative techniques are used to open up government properly?

Mr. Watson: The hon. Lady is somewhat enlightened on this issue, and perhaps we can work together to show some of our colleagues on the Conservative Benches how we can embrace mySociety's five points. If we are all honest with each other, we can see that the work that mySociety has done to introduce digital tools to make this House more transparent and accountable has improved our work. I read the five-point plan on the mySociety blog last week, and I did not disagree with a word of it. We might not have achieved its aims, but we will certainly work towards them.

Charities

2. **Angela Watkinson** (Upminster) (Con): What assessment his Department has made of the effect on charities of the economic downturn. [246512]

The Minister for the Cabinet Office (Mr. Liam Byrne): The Government have been in constant dialogue with the third sector about the impact of the downturn. We will shortly publish an assessment of the effects on the third sector and the action that the Government will soon take to support the sector through the downturn. I can confirm that the package announced by my noble Friend Lord Mandelson will be open to third sector businesses.

Angela Watkinson: The voluntary sector already employs 1.5 million people, and it has the potential to create many more part-time, full-time and voluntary jobs. Will the Minister say why the voluntary sector was not represented at the jobs summit on Monday, and why the Government are ignoring its important potential to create new employment in the downturn?

Mr. Byrne: The House should be clear that the third sector enters this downturn with unprecedented strength because the Government have doubled public income to the sector, taking it from about £5 billion to about £11 billion today. Tax relief alone is now worth £3 billion. In all my conversations on the National Economic Council and elsewhere, I have ensured that third sector interests are represented. That is why the package announced by Lord Mandelson today is open to third sector businesses. In this debate, it is important that we talk about investing in the third sector, rather than cutting. I, for one, was unhappy to see proposals from the right hon. Member for Witney (Mr. Cameron), who says that he wants to cut 1 per cent. from the Cabinet Office budget—

Mr. Speaker: Order. We will hear from the right hon. Member for Witney later. I call Jeff Ennis.

Jeff Ennis (Barnsley, East and Mexborough) (Lab): Does the Minister agree that the establishment in Yorkshire last year of the Charity Bank in the North, funded by Yorkshire Forward, is one of the many practical examples of what the Government are doing to sustain charities in this difficult economic downturn?

Mr. Byrne: My hon. Friend is absolutely right: the pre-Budget report confirmed spending totalling nearly £500 million—on top of the £11 billion or so that now goes into the sector—over the next couple of years to help third sector organisations, which are on the front line in helping many communities through the downturn. My hon. Friend will want to know that if we cut £100 million from that budget, we would be cancelling grants for more than 2,000 small local charities, and about 400,000 volunteering opportunities. That is why we will not propose that course of action.

Mr. Gregory Campbell (East Londonderry) (DUP): Given the economic downturn and its impact, what steps can the Government take to make people even more aware of the generous tax breaks that are available on donations to charities, which in turn may enable charities to employ people to do even better the work that they do so well?

Mr. Byrne: The hon. Gentleman is right to say that tax breaks are now a vital part of the income of third sector organisations. We are very proud of the fact that gift aid has increased from £385 million a year to almost £900 million a year. The pre-Budget report that my right hon. Friend the Chancellor published last year set out a range of new measures that we will investigate to ensure that tax reform in future years helps the third sector in the way that it could. We will continue at every opportunity to promote to individuals the benefits of gift aid because it is now such an important part of third sector income.

Julie Morgan (Cardiff, North) (Lab): The George Thomas hospice in my constituency—a charity named after one of your predecessors, Mr. Speaker—reports to me that in the downturn individual donations have dropped and corporate giving has been slightly reined in, but that charity shops have increased their income. Does my right hon. Friend believe that that pattern is being repeated across the country?

Mr. Byrne: My hon. Friend raises an important point. The third sector is experiencing different effects and we will take into account the different views when the Parliamentary Secretary, Cabinet Office, my hon. Friend the Member for Cardiff, West (Kevin Brennan), publishes our third sector action plan. We are grateful for about 80 detailed and helpful representations from the sector, and we will reflect on that advice before we publish our action plan in the coming weeks.

Sir Patrick Cormack (South Staffordshire) (Con): Will the Minister stop wittering on about the third sector? May we talk about the voluntary sector? Does he recognise that gift aid will go down for many reasons, not least the fact that the 28p is to be reduced to 25p?

Mr. Byrne: Quite significant arrangements were in place to help make sure that transitional benefits were in place to protect gift aid contributions to the third sector, the voluntary sector and the charitable sector over the period in which different tax rates come into effect. On nomenclature, I will constantly seek to profit from the hon. Gentleman's advice.

Mr. Andy Reed (Loughborough) (Lab/Co-op): Many charities, including Rainbows hospice in my constituency, have reported similar patterns of reduced corporate and personal giving while the income from charity shops has increased. At this crucial time, it is important that Departments in particular play their full role, with respect not just to hospices—I hope my right hon. Friend will make the case that they should be properly funded by the NHS—but to community and amateur sports clubs, on which some Government policies are having an impact, particularly water charges in some parts of the country. Will my right hon. Friend ensure that bureaucracy and added burdens on community groups in constituencies such as mine and those elsewhere across the country are reduced as quickly as possible?

Mr. Byrne: My hon. Friend underlines the fact that now is the time for sustained investment in the third sector. Different parts of the third sector, the voluntary sector and the charitable sector are experiencing different pressures every day. Many are experiencing an increase in requests for services, and others are confronting challenges in new patterns of voluntary giving. It is surely right to continue to invest in the third sector, the voluntary sector and the charitable sector so that they help us come through the downturn faster and stronger. That is why we will not seek to cut 1 per cent. from the Cabinet Office budget over the next couple of years, as that would weaken the sector, not strengthen it.

Mr. Nick Hurd (Ruislip-Northwood) (Con): Further to the excellent question from my hon. Friend the Member for Upminster (Angela Watkinson), which reminded the House of the potential of the voluntary sector to create desperately needed jobs, may I press the Minister to be more explicit about when the long-awaited action plan will be published? Will he confirm that it will contain new investment, new resources and new money for the sector, rather than the repackaging of existing initiatives?

Mr. Byrne: Let me be clear about what the action plan will not contain. It will not contain any proposals to cut 1 per cent. from the third sector budget in the Cabinet Office. Let me remind the House that that would mean cancelling grants to more than 2,000 small local charities across the country and cancelling about 400,000 volunteering opportunities. When the third sector action plan is published, it will contain proposals to strengthen charities, voluntary organisations and third sector organisations because they are on the front line in helping many people and many communities get through the downturn in good shape.

Public Information

3. **Mr. Jim Cunningham** (Coventry, South) (Lab): What recent steps the Government have taken to improve online access to public information. [246513]

The Parliamentary Secretary, Cabinet Office (Mr. Tom Watson): The Government are systematically improving access to their services by ensuring that information and services are found through search engines, that there are fewer but higher-quality websites so that users can get to what they need, and that the websites are accessible and more usable.

As the hon. Member for East Dunbartonshire (Jo Swinson) mentioned in her question, the greatest social and economic value is achieved when we open up public information. The power of information task force has been working with the Office of Public Sector Information, the Central Office of Information and Government Departments to make public data easier to find, easier to understand and easier to reuse.

Mr. Cunningham: How effective is the Downing street petition website? I am thinking particularly of people's concerns about Jaguar Land Rover. Is my hon. Friend aware that the *Coventry Telegraph*, the local evening newspaper, organised a petition on that issue involving 6,000 people? Will the supporters of Jaguar Land Rover be listened to?

Mr. Watson: I commend my hon. Friend for his imaginative question. We welcome the online engagement of citizens and it is heartening to see that the Downing street petition site is being used in such a way; we should also praise the *Birmingham Post* for leading the petition campaign. The petition site has received 2.2 million unique signatures in the past 12 months alone. The last time I checked the Jaguar Land Rover petition, nearly 7,000 people had used it, and I noticed that my wife was one of them. I give my hon. Friend the commitment that I will raise the issue with the Chancellor and Ministers at the Department for Business, Enterprise and Regulatory Reform.

Tony Baldry (Banbury) (Con): Those who lose their jobs have to find out from Jobcentre Plus about benefits, from the Learning and Skills Council about training opportunities and from Business Link about help in setting up new businesses. Will Ministers ensure that the websites of the three different Departments of State involved are compatible and give information relevant to the local situations? It is no good people in Oxfordshire who apply to Business Link being directed to somewhere in London. A number of us are now organising job clubs and it would be really useful if Government websites helped us to direct our constituents who lose their jobs to accessible information through the web.

Mr. Watson: The hon. Gentleman raises an important point; a lot of thought and work is going on in that area. I point him to the Directgov site, which in recent months has been improving how we support people seeking work and how we get them back into the jobs market when, sadly, they lose their jobs. The Government are doing a lot of work on how we can provide public sector vacancies in an accessible form. We will make announcements on that later this year.

Mr. Gordon Prentice (Pendle) (Lab): What is the Government's policy on archiving online information? I have found that some of the most interesting material that I want to get hold of has been archived and is inaccessible.

Mr. Watson: My hon. Friend raises an important point. In fact, we do not have access to the first ever Government website, which came out in 1994; the technology to track it down is not available. It was, of course, the website of a previous Government. My hon. Friend will be pleased to know that the website rationalisation programme will have closed some 1,500 websites by 2011. The National Archives are taking the lead on that, so that important information that my hon. Friend and future generations need to find will be accessible for generations to come.

Mr. Francis Maude (Horsham) (Con): It is great to see the Chancellor of the Duchy of Lancaster here, filling a gap in his schedule between his cappuccino and his soup. Yesterday, he published a White Paper that made much of the aim, shared by everyone, of removing barriers to opportunity for people from disadvantaged backgrounds. Why, then, are half of all civil service vacancies published only on a secret website accessible only to existing civil servants? Is that not exactly the sort of barrier to opportunity that should be swept away? Is it not a modern-day closed shop?

Mr. Watson: Yes, the right hon. Gentleman is right: internal vacancies are naturally advertised internally to colleagues, but we are doing a lot of work on this and I very much hope that civil service jobs will get a wider audience in weeks and months to come.

Mr. Maude: Is not the real reason for keeping this information secret from the public the fact that there is now a proliferation of public sector—state sector—jobs? Just this week, the Cabinet Office alone is recruiting for a chief psychologist, a Downing street butler and a change manager. Is not the solution to the recession caused by Labour not a change manager but a change of Government?

Mr. Watson: No, none of that is right. We have the smallest civil service since the second world war, and we are targeting £5 billion of efficiency savings. However, the right hon. Gentleman is right about the specific question. We do need to improve how people access vacancies for civil service jobs, and I hope to announce more measures on that in months to come.

Social Enterprise

4. **Chris Ruane** (Vale of Clwyd) (Lab): What steps he is taking to support the growth of social enterprise. [246514]

The Parliamentary Secretary, Cabinet Office (Kevin Brennan): Following the social enterprise action plan, Government support for social enterprise has never been greater. Many Departments are adopting social enterprise. For example, the Department of Health has committed £100 million to a social enterprise investment fund, the Department for Communities and Local Government has created a social enterprise unit, and the Department for Business, Enterprise and Regulatory Reform and the Ministry of Justice are engaging in new social enterprise projects. I can also confirm what my right hon. Friend the Minister for the Cabinet Office said earlier—that social enterprises and businesses owned by charities can use the small firms loan guarantee and benefit from additional measures announced by the Business Secretary this morning.

Chris Ruane: I thank my hon. Friend for that reply. Yesterday, I met my right hon. Friend the Minister for the Cabinet Office, and this afternoon I will meet the Secretary of State for Work and Pensions—*[Interruption]*—to discuss the important role that social enterprise can play in creating jobs, opportunity and, most importantly, social mobility in deprived neighbourhoods. What role is my hon. Friend and his Department playing in co-ordinating the response from all Departments on social enterprises in deprived neighbourhoods?

Kevin Brennan: I think that our Front-Bench team is an exemplar of social mobility. I praise my hon. Friend because, although the Opposition mock him slightly for his activities as a local Member in meeting those Ministers, in a way he himself acts, as do many Members, as a sort of social entrepreneur in bringing people together to do things for his constituency. Such enterprises are more likely to emerge in deprived areas as a communal way of tackling entrenched social problems. Working closely with the Office of the Third Sector, leading Whitehall Departments such as the Department of Health, the Department for Communities and Local Government and the Department for Children, Schools and Families now have dedicated social enterprise teams and funds to allocate to viable social enterprises to deliver public services, often in the most deprived areas.

Paddy Tipping (Sherwood) (Lab): Will the Minister work to ensure that local government supports social enterprises? In particular, will he look at the example of Conservative-led Newark and Sherwood district council, which not only closed the local leisure centre at Rainworth, but whose help in taking those swimming baths forward as a social enterprise has been next to nothing?

Kevin Brennan: I am sorry to hear about the circumstances involving my hon. Friend's local council. Of course, social enterprise can be a very effective way of delivering public services, as Greenwich Leisure has shown in London in taking over many local leisure services. I hope that his local council will look again at the potential for social enterprise to deliver such services.

Social Mobility

5. **Miss Anne Begg** (Aberdeen, South) (Lab): What steps he is taking to ensure an increase in social mobility, particularly for disadvantaged people.

[246515]

The Minister for the Cabinet Office (Mr. Liam Byrne): Over the next two years, spending on education, skills and communities will rise by well over £10 billion. Yesterday's new opportunities White Paper showed how we will deliver that investment across people's lives to help families turn the aspirations of today into future success.

Miss Begg: I welcome the publication of the White Paper yesterday. Eleven years into a Labour Government, some families are still caught in a cycle of deprivation and face intergenerational poverty and worklessness. Apart from some of the big initiatives that the Government have introduced, such as extending nursery education and introducing Sure Start, what else can my right hon. Friend and the Government do to break these cycles of deprivation?

Mr. Byrne: Yesterday's White Paper set out a very simple argument—that if we make the right investments today we can capture for this country a big share of the 1 billion skilled jobs that will be created around the world over the next 20 years. If we are to open those jobs to anybody who is prepared to work hard and has got a bit of drive and determination, we have to invest right across people's lives, in families and in communities. That is why we are determined to open up free nursery education to two-year-olds, why we are determined to see better teachers in schools, starting with our most challenged schools, and why we are determined to expand the number of apprenticeships to 250,000, to give more young people the chance to go to university, and to bring workplace investment in training up to £1 billion a year by 2011. That is how we can expand social mobility in this country, and it is why we will continue the pace of reform after three decades under the Conservative party when social mobility in this country did not move a bit.

John Bercow (Buckingham) (Con): Given that it would be unconstructive, flippant and just plain wrong to dismiss a commitment to greater social mobility as being somehow a commitment to a class war, I say to the right hon. Gentleman that I warmly welcome the publication of the White Paper on social mobility, together with the appointment of the right hon. Member for Darlington (Mr. Milburn) to chair the commission on new opportunities. Should the right hon. Gentleman not be encouraged to explore every practical means by which we can ensure that more people from poor socio-economic backgrounds who are able can scale the professional peaks in far greater numbers than they do at present?

Mr. Byrne: I very much welcome that support. As ever, it was a thoughtful contribution from the hon. Gentleman. He is right to say that we all need to do more to open access to professions, including opening access in this place to the profession of professional politician. Surely there is more that we can do as Members of this House to show our constituents, particularly those from lower socio-economic groups, how they can get on in a career in public service and politics, thereby making a contribution to the future success of this country.

Hilary Armstrong (North-West Durham) (Lab): In congratulating my right hon. Friend on the delivery of yesterday's White Paper, may I urge him to ensure that during the deliberations that take place in the next few months, people work throughout government to ensure that early intervention works effectively for those children who need it most and who are most vulnerable, so that we can say in the next decade that those who start with the poorest opportunities are able to make their way in our society in Britain?

Mr. Byrne: I should put on record my thanks and congratulations to my right hon. Friend for the work that she did when she had my job in pioneering family nurse partnerships and bringing help, education, advice and support to some of the most vulnerable parents in this country and their children. This Government are proud of the fact that we have invested £25 billion in early years education. It is clear from the evidence that the more we invest wisely in our children's early years, the greater their later success. *[Interruption.]* That is why the Government are committed not, as the Opposition propose, to cutting £200 million from Sure Start, but to expanding the reach of those services in the years to come. *[Interruption.]*

Mr. Speaker: Order. There is far too much noise in the Chamber. It is unfair to hon. Members who are here for this part of the business.

Jenny Willott (Cardiff, Central) (LD): The independent Social Mobility Commission, whose report was also published this week, showed that poor quality and overcrowded housing is a key cause of entrenching social disadvantage. After 11 years of this Government, social housing has been so depleted and waiting lists are so long that one family in my constituency have been told that they are going to have to wait more than 10 years before they can move to a larger property. Their two children will grow up into their teens in a one-bedroom flat, sharing with their parents. What hope can the Minister give children in that situation, whose life chances are being destroyed by a failure of housing policy?

Mr. Byrne: I, too, welcome the analysis that the Liberal Democrats published this week. The hon. Lady is right to say that not only do we have to increase investment throughout individuals' lives—in early years, in schools, in apprenticeships, in giving more kids the chance to go to university and in workplace learning—but we have to invest in families and in communities. Better social housing is at the core of that prognosis, which is why we remain determined to renew 3 million homes in the years to come. That, together with new investment in schools, the £35 billion we propose to spend on Building Schools for the Future and record investment in the national health service, gives us the chance in this country not only to renew our civic fabric, but to strengthen opportunities and life chances for generations to come.

Youth Projects

6. **Tim Loughton** (East Worthing and Shoreham) (Con): What proposals he has to make it easier for volunteers to enrol in youth projects. [246516]

The Parliamentary Secretary, Cabinet Office (Kevin Brennan): In December 2008, the Cabinet Office announced a new £3 million intergenerational volunteering fund to create 20,000 new opportunities for younger and older people to volunteer together.

In addition, the Office of the Third Sector issued guidance in May to make it easier for volunteers to work with young people, and invested £117 million in creating new youth volunteering opportunities.

Tim Loughton: We are all well aware of the excellent work voluntary groups do to promote social cohesion and to engage young people in their communities, and of the excellent qualities that volunteering brings. It promotes self-esteem, and a Community Service Volunteers survey showed that 17 per cent. of 18 to 24-year-olds said that volunteering had actually improved their sex lives.

Is the Minister concerned about the shortage of volunteers helping with youth groups, and about the waiting lists for them? Many groups, such as the scouts, cite problems with the bureaucracy of multiple Criminal Records Bureau checks and excessive health and safety requirements. Are we in danger of stifling vital volunteering by being excessively protective?

Kevin Brennan: I shall not comment on the colourful part of the hon. Gentleman's question, other than to say that I volunteered earlier this week with the WRVS in Cardiff.

It would not help volunteering to cut 1 per cent. from the budget of the Cabinet Office. It is important to ensure that volunteers, like paid employees, are properly checked when they work with vulnerable people.

PRIME MINISTER

The Prime Minister was asked—

Engagements

Q1. [246425] **Liz Blackman** (Erewash) (Lab): If he will list his official engagements for Wednesday 14 January.

The Prime Minister (Mr. Gordon Brown): Before I list my engagements, I am sure that the whole House will wish to join me in sending our profound condolences to the families and friends of the servicemen killed in Afghanistan since we last met: Serjeant Christopher Reed of 6th Battalion The Rifles, and Corporals Robert Deering and Liam Elms, Lance Corporal Ben Whatley and Marine Travis Mackin, all from the Royal Marines. Afghanistan is the front line against the Taliban. These were brave and committed men, dedicated to their country and to their colleagues, and I know that the whole House will agree with me that we owe them, and all who have lost their lives, all our gratitude for all their services. Their lives will be remembered with pride.

This morning I had meetings with ministerial colleagues and others. In addition to my duties in the House, I shall have further meetings later today. I shall be meeting President Sarkozy this evening and visiting Chancellor Merkel on Thursday, and looking at what we can do to work for a ceasefire in Gaza as well as what the G20 will be able to do to deal with the global financial crisis.

Liz Blackman: I thank my right hon. Friend for his answer. May I, too, offer my condolences to the families affected?

Today's announcement on support for small businesses will help some firms in Erewash, and will crucially help my constituents stay in work. However, can my right hon. Friend assure me that the help that is on offer will be properly targeted and focused on the businesses that need it most?

The Prime Minister: I am grateful to my hon. Friend, who has been a great supporter of business in her constituency. This is real help for business now. It is targeted and focused, it is funded and it is additional to what has been done before. It is real help to small businesses that are looking for help with their overdrafts or looking to invest in the future. It is real help for businesses that are looking for working capital over the next year, and will increase the supply of that by £10 billion. It is real help for high-technology firms that want their debt replaced by equity. We will buy shares in those companies, and there will be real help with credit insurance. This is real help now, to deal with specific problems—real help that is funded by Government.

Mr. David Cameron (Witney) (Con): Planted question, copied policy—what a pity the Government did not agree to a parliamentary statement to announce a good Conservative policy.

I join the Prime Minister in paying tribute to Marine Travis Mackin, Serjeant Chris Reed, Corporal Liam Elms, Lance Corporal Benjamin Whatley and Corporal Robert Deering. That so many lives have been lost in the past four weeks is a poignant reminder of the sacrifices that our troops are making in Afghanistan on our country's behalf, and we pay tribute to them all.

At the start of this year, I would like to give the Prime Minister a chance to be straight about the recession that he said we would never have. Will he now finally admit that he was completely wrong to say that he had abolished boom and bust? That was wrong, wasn't it?

The Prime Minister: This is a global financial crisis; it is happening in America, in Europe—in every part of the world. Let me tell the right hon. Gentleman one thing: nobody is copying Conservative party economic policy. He likes to think that people are. France is not copying Conservative economic policy; Germany is not copying Conservative economic policy; the current Administration in America are not copying Conservative economic policy and the future American Administration are not copying Conservative economic policy. No one except the right hon. Gentleman proposes to cut public spending at this time. The whole Conservative party policy is to cut public spending when we need it. One cannot fund support for business without the public expenditure to make it possible. The whole Conservative strategy is to cut when we need to invest.

Mr. Cameron: The Prime Minister says that no one is copying our policies in a week when he has announced a pale imitation of our jobs package and of our loans package. It is not a butler they need in Downing street; it is a photocopier.

On boom and bust, does the Prime Minister not understand that, because he cannot be frank about the past, no one will believe him about the future? Is that not one of the reasons why it is so difficult to get confidence back in the economy? Evidence of the depth of this recession is mounting: nearly 10,000 more jobs lost in the past week, 10 more firms going bust compared with a year ago, and the worst survey since records began. The forecast of just seven weeks ago was that the economy would start to grow again at the end of June. Is the Prime Minister willing to repeat that forecast today?

The Prime Minister: I have said everywhere that that depends on the level of international co-operation that we can get. The right hon. Gentleman says that we are copying his policy on unemployment, but he wants to abolish the new deal, which is the basis of helping the unemployed. He wants to cut the budget of the Department for Work and Pensions, when it needs to do more to help the unemployed. One can pluck any figure out of the air about help one wants to give business, but if there is no money behind it and no possibility of funding, and one wants to cut the budget of the Department for Business, Enterprise and Regulatory Reform, which is doing the funding, it adds up to nothing. It is a do nothing policy. That is the Conservative party.

Mr. Cameron: The point is that the Prime Minister is achieving nothing. The whole House will have heard that he will not repeat the Chancellor's forecast of just seven weeks ago. The explicit reason that the Chancellor gave in his pre-Budget report for his forecast being more optimistic than almost anybody else's was his measure to cut value added tax. That VAT cut has been condemned by retailers, attacked as "fatuous" by a former Trade Minister and ridiculed by shoppers. Worse, it is adding £12.5 billion to Government debt. Is it not now clear that the centrepiece of the Government's strategy to fight the recession is an expensive failure?

The Prime Minister: We raised the pension by £60—the Conservatives opposed it. We raised child benefit from 1 January—they opposed it. We are raising tax allowances in April—they opposed it. We are investing more in the economy and they are opposing that.

As for VAT—*[Interruption.]* Incidentally, it was promoted not just by us but by the former Chancellor, the right hon. and learned Member for Rushcliffe (Mr. Clarke), and Lord Lamont, who said:

> "If there are to be any tax cuts, my first candidate would be VAT".

So the Conservative party is not exactly united on that. The right hon. Gentleman may think that VAT is unimportant, but at the end of every week, the typical family has more than £5 extra in their pockets. It may not matter to the people on the Opposition Front Bench that £5 extra is in people's pockets—that is £275 a year, as a result of the cut in VAT. It is more money for everyone in the community, not just the few whom they support, and more money so that people can make choices about what they spend. If we take together all the measures that we have taken, and look at every other country in the world, we find that they want fiscal expansion and that the Conservative party is the only party that wants public spending cuts. The Conservatives are out of touch with the rest of the world; they are completely isolated.

Mr. Cameron: There is no other country in the world that is proposing to cut 2.5 per cent. off VAT. There is no other country in the world that is having to put up taxes on people earning £19,000 and £20,000 because it is so bankrupt. It is the Prime Minister who is completely isolated.

I thought that the Prime Minister might mention the former Chancellor, my right hon. and learned Friend the Member for Rushcliffe (Mr. Clarke)—my forecast is slightly better than the Prime Minister's—and I checked what he said on the day of the pre-Budget report. He said that the fiscal stimulus was "not affordable" and a "reckless gamble" and that it would make the recession "worse" and

> "the recovery…long and painful".—*[Official Report*, 24 November 2008; Vol. 483, c. 511.]

That is what he said—and by the way, this was the Chancellor who gave this Prime Minister a golden inheritance that he ruined. Only the Prime Minister could smile at ruining a golden inheritance.

Let us look at what the retailers say about this VAT cut. The head of Marks and Spencer says that the VAT cut has

> "not made a material difference".

The head of Sainsbury's describes it as an "annoyance". These are the very people it was meant to help, yet they are condemning it. Is it not time to admit that the Prime Minister has wasted £12.5 billion in an appallingly expensive failure?

The Prime Minister: Let us be clear, first, about what the former Chancellor said:

> "I may be in a minority,"

but

> "I would look at a…temporary reduction in VAT which is the best way of stimulating spending, consumer spending which helps businesses".

That is exactly what he said, and so did Lord Lamont. My point is that we have spent £1 billion on this. It is a tax cut for the whole year which adds up to £12 billion. It is £275 in people's pockets, as a result of the effect on the typical family. The right hon. Gentleman may think that it is irrelevant, but people in my constituency and others think that it is important. He opposes, let us remember, the £60 increase in the pension, the rise in child benefit that we brought about and a fiscal stimulus, because he wants to cut public spending. He is totally on the wrong side of the argument. Even the monetarists in America are now supporting the need for the stimulus. If he wants to be outside the consensus about what needs to be done, let it be; but people will remember that at a time of difficulty for the British people, the Conservatives wanted to cut the very services on which the British people depend.

Mr. Cameron: It is not that I think that the VAT cut is irrelevant; it is that the leaders of the biggest retail chains in Britain all think that it is not working and that it is irrelevant. The truth is that the Government's policies are achieving nothing. They announced a stamp duty holiday and the housing market got worse; they announced a bank bail-out, yet the banks are not lending; they announced a jobs summit on the day when thousands of jobs were lost. It is not just that the Prime Minister is running round like a headless chicken, making one bogus announcement after another, doing nothing for confidence. Is not the worst thing of all this: by spending £12.5 billion by cutting VAT, is he not just building up debts for Britain's children in a vain attempt to save his own skin?

The Prime Minister: The only party that can help Britain's children is the party that is increasing child benefit, investing in the child trust fund, investing in Sure Start and investing in nursery education—all the programmes that the Conservative party will cut. I hope that the Conservative party will wake up to an economic reality: that it cannot promise £50 billion to business and then say that it is to be funded by absolutely nothing. That is a do nothing policy. The Conservatives are the do nothing party. They would leave people defenceless in the face of a global financial crisis. Other countries will not do that. We will not walk by on the other side. The Conservatives would; we will not.

Keith Vaz (Leicester, East) (Lab): Hundreds of thousands of innocent Tamil civilians are under siege in Sri Lanka because of the aerial bombardment by the Sri Lankan Government. Last Sunday, the editor of the leading newspaper there was assassinated. He said, in an obituary written before he was killed, that this was due to the forces of the Government. Will the Prime Minister please use his good offices, either unilaterally or through the European Union, to call for a ceasefire so that all those involved in this conflict stop their violence, so that peace can return to that beautiful island?

The Prime Minister: I know, from talking to my right hon. Friend on many occasions about this, how strongly he feels about what is happening in Sri Lanka. I agree with him about the terrible violence that is happening there. I also agree with him about the need for a ceasefire. I will be talking to President Sarkozy and Chancellor Merkel, and that will be one of the issues that I will raise with them.

Mr. Nick Clegg (Sheffield, Hallam) (LD): I should like to add my own expressions of sympathy and condolence to the families and friends of Corporal Robert Deering, Lance Corporal Ben Whatley, Corporal Liam Elms, Serjeant Christopher Reed and Marine Travis Mackin, all of whom tragically lost their lives serving this country and the people of Afghanistan in Helmand province.

Taxpayers have already had to sink £37 billion into our banks to get them lending again, so today they will be wondering why on earth they should risk a further £10 billion, just to get the banks to do what they promised to do in the first place. Why is the Prime Minister playing copycat with the leader of the Conservatives when he should be playing hardball with the banks?

The Prime Minister: I have just explained that the Conservative scheme is completely unfunded, and the right hon. Gentleman had better look at what he would put up to help people in this difficult situation. As far as the banks are concerned, the £10 billion is working capital that will go to firms over the course of the next year. The business guarantee scheme is to help firms that want to convert their overdrafts into loans, or that need investment capital. We will buy shares in high-technology companies that have a viable future, so that they can transfer their debt into equity. These are the things that we can do practically. Since November, 20,000 firms have already benefited from the cash-flow promises that we made in the Budget that we would give deferral of taxation to people who were facing a need for working capital or for cash flow. So far from not taking action, 20,000 firms have already benefited.

Mr. Clegg: Here is what he should do—*[Interruption.]* He should stop telling the banks to hoard cash and to lend it out at the same time, and he should use one of the part-nationalised banks as a state bank to lend money directly to viable British businesses. I put that to him, right here, two months ago, and he did not listen. Is it not time that he did?

The Prime Minister: I admire the right hon. Gentleman's certainty, but let me just say this: we have asked the two banks in which we have shares to maintain the lending of 2007, which was a high level of lending both to businesses and to mortgage lenders. I believe that that is what they are doing at the moment, and we are monitoring what they are doing every week. As for placing further conditions on the banks, so that we can get more lending into the economy, we are making available the money that we have announced today, which will go to small businesses themselves. That is an important element of helping small businesses through these difficulties, but we will not hesitate to look at other measures that are necessary to get the financial system moving. All around the world, people have recapitalised the banks. All around the world, getting the funding moving is the important question. I believe that the measures we have taken today will make a difference, but we will not hesitate to take further measures when they are necessary.

Jeremy Corbyn (Islington, North) (Lab): Will the Prime Minister bear it in mind that, in the past three weeks, the Israeli forces have killed 1,000 people in Gaza, 300 of whom were children, and denied medical aid, food and energy and blockaded the people during the past year? These are war crimes. They have committed acts against the people of Gaza that ought to be referred to the International Criminal Court. Will the Prime Minister join the calls to ensure that that takes place?

The Prime Minister: We took action in drafting the resolution that went through the United Nations last week. Words cannot describe the feeling that families will have as a child dies, or at the level of civilian deaths and casualties and the displacement of 90,000 people in Gaza, but our resolution sought to call for an immediate ceasefire, to recognise the damage that had been done and was being done, and to call for humanitarian action—a call that I repeated when I talked to Prime Minister Olmert last night and asked him to increase the humanitarian action and to take the necessary action to achieve a ceasefire.

The reason why we supported the UN measure was that the Arab countries were also prepared to sign up to two things that are very important to any sustainable ceasefire. The first is an end to arms trafficking and particularly the destruction of the tunnels in Gaza. I talked to President Mubarak yesterday about what we can do and how we can help to achieve that. Secondly, of course—*[Interruption.]* I think this is important, as we will also need international support to execute the opening of the crossings. It is important that we have the support of the Arab League countries as well as the other countries that signed that motion. In other words, we are doing everything that we can to make possible an immediate ceasefire.

Q2. [246426] **Mr. Simon Burns** (West Chelmsford) (Con): In July 2007, the Prime Minister promised to lay before Parliament an annual report detailing Ministers' interests. Why, 18 months later, are we still waiting for one?

The Prime Minister: If it has not been done, it will be done.

Mr. Eric Joyce (Falkirk) (Lab): I congratulate my right hon. Friend on the publication of the "New Opportunities" White Paper. Does he agree—I have an instinct on this one—that although social mobility is of course a matter of social justice, it is also a matter of simple economic common sense?

The Prime Minister: I would have thought that there would be all-party support for the "New Opportunities" White Paper. It is, after all, about helping children and particularly infants get the best possible chance in life by extending play groups, Sure Start and nursery education. It is about giving people the best teachers at their schools and giving people the chance to get the benefit of the best education that is possible. It is about giving more people the chance to go to university and college or into apprenticeships—and there were precise announcements yesterday about what can happen. It is also about giving people a second chance if they missed out at the beginning. I am sorry that the Conservative party could not support the "New Opportunities" White Paper. Again, it would cut spending in the very areas that we need to expand for the sake of both the society we live in and the country's economy.

Q3. [246427] **Mr. John Randall** (Uxbridge) (Con): The Prime Minister will recall that on 27 February last year, he said:

> "The message should go out today clearly that decisions in this country should be made in the Chamber of this House and not on the roof of this House."—[*Official Report*, 27 February 2008; Vol. 472, c. 1082.]

Will he now make a pledge that any further expansion at Heathrow will be subject to a vote in this Chamber?

The Prime Minister: The hon. Gentleman—I think—knows the procedure that we are following on this. First, there was a decision in principle—subject to air noise, subject to pollution and subject to access. The Secretary of State is examining this matter and he will report to Parliament. There will be a debate about what he says in the questions that follow. Then, if the matter were accepted and a proposal were put by the Secretary of State, it would go to a planning inquiry.

Nigel Griffiths (Edinburgh, South) (Lab): Will the Prime Minister send best wishes to President-elect Obama for his inauguration next Tuesday, and will he work with him to secure lasting peace in the middle east?

The Prime Minister: I have had the advantage of talking to President Obama about some of these issues. The whole House will want to welcome the new President. We hope to work very closely with him. There are major international issues, but the first and most immediate is the middle east. I believe that the relationships between Britain and America will strengthen over the years.

Q4. [246429] **Mr. Richard Bacon** (South Norfolk) (Con): Seventy per cent. of imported pork is produced to animal welfare standards that would be unlawful in this country. *[Interruption.]* Given the Environment Secretary's recent comments that we need clearer food labelling, which my Food Labelling Bill with all-party support would have provided, does the Prime Minister agree that now is the time for compulsory country-of-origin labelling to give a fair deal to British consumers, British farmers and British meat?

The Prime Minister: If I may say so, that was an appropriate question from the aptly named Member. The Department is in active discussions with all parties on this issue, and we are also in discussion with the supermarkets. We want an agreed set of voluntary criteria that will allow consumers to make informed choices and support our farmers. I believe that UK producers set the standard for compassionate pigmeat production when we introduced new welfare standards, but all EU member states must be compliant with the new EU legislation. We will insist that standards be met.

Mr. James Plaskitt (Warwick and Leamington) (Lab): For too many of my constituents, the worst consequence of the last recession in the early '90s was losing their home as a result of repossession. Can my right hon. Friend reassure us that in this downturn, either the loss of a job or a dramatic reduction in family income, will not necessarily result in the loss of the family home?

The Prime Minister: That is why on 1 January we introduced a new measure so that at a point of 13 weeks from when someone becomes unemployed, they will get support directly for their mortgage. It is a far more generous scheme than we had a few years ago. Our determination is that nobody who is attempting to pay their mortgage will lose their house as a result of being jobless.

At the same time, we recognise that people in work, where one in the family is not working, may suffer a loss of income as well. We are looking to the building societies for a moratorium on repossessions. We are looking for a very precise code that can deal with this problem, and we are prepared to back financially measures that will allow people to extend their mortgages at a time of difficulty.

I accept that this costs money and that it is necessary to fund it. We are prepared to make available the funding necessary in the interests of working people. Not all parties, unfortunately, agree with us.

Q5. [246430] **Tom Brake** (Carshalton and Wallington) (LD): Will the Prime Minister confirm that as we face the deepest recession in a quarter of a century, the project to rebuild St. Helier hospital—a snip at £150 million, just 100th of the amount spent on the VAT reduction—will receive his support and will receive the signature of his Chancellor on the £150 million cheque at the appropriate moment, thereby providing real jobs for local people and new hospital beds for local patients?

The Prime Minister: The hon. Gentleman is right: this is a major investment that the trust board has approved—I believe that it is £140 million for St. Helier hospital. It means a brand new state-of-the-art building that will house the majority of the hospital's wards and clinics. I believe that the business case has been approved by the primary care trust and the acute trust board. It has now been submitted for consideration, and then it will come to the Department of Health for approval. I gather that he met the Secretary of State for Health last night to discuss it, and we will ensure that no barriers are put in the way of the discussion that needs to take place.

Q6. [246431] **Linda Gilroy** (Plymouth, Sutton) (Lab/Co-op): I join those who have paid tribute to those service personnel who have lost their lives and been injured, and I speak particularly for Plymouth MPs when I say that our thoughts are with the close friends and family of Marine Mackin.

The Prime Minister referred to the measures being taken now, including the VAT reduction, to give real help to my constituents, but can he assure the House that he will continue with the high levels of investment in schools, hospitals and infrastructure?

The Prime Minister: We are investing £10 billion more in the coming year than last year in public services. There will be more investment in our schools and our education provision than at any time in our history—this year and then next year. *[Interruption.]* The Leader of the Opposition says that there will be a lot less next year. Yes, there would be a lot less if he were in power, but the fact of the matter is that there will be a lot more as a result of the decisions that we have made.

There is clearly a philosophical difference here. We believe, at a time of difficulty, that it is our duty to help people and to help people get through a downturn. We believe that we have learned from the mistakes that the Conservatives made in the 1990s and 1980s about what it is right to do. We will not desert people at a time of need; we will invest. It is unfortunate that there is not an all-party consensus on that.

Sir Michael Spicer (West Worcestershire) (Con): Is he still on for an early general election?

The Prime Minister: I have said that there are no plans for that, and I say again that there are no plans.

Q7. [246432] **Anne Snelgrove** (South Swindon) (Lab): Several thousand people in Swindon are directly or indirectly employed by the motor industry. Much help has already been given by the regional development agency and the Government office, but what further plans does my right hon. Friend have to help this important industry during the global economic downturn?

The Prime Minister: My hon. Friend—who is the Member of Parliament for South Swindon—is absolutely right. Two issues face the car industry at the moment. One is a shortage—*[Interruption.]* Opposition Members laugh when we talk about the car industry. The first issue is a shortage of demand for cars; the second is the availability of credit for people buying cars. We have been talking to the various car companies and we will make announcements in due course, but those two problems must be dealt with. In terms of the car credit problem, which relates to loans for car purchase, this is basically a market that is outside the traditional banking industry, and we must look at what we can do to prevent it from freezing in the way other markets have. This is a detailed and technical question about how we can get help into the car loan industry, but we are looking at it very carefully.

Some firms in the car industry have already asked us about help with training skilled workers so that they can rebuild, and build, their skills during the period of downturn, and we are also prepared to provide that. In other words, we will do what we can to help.

Mr. Gregory Campbell (East Londonderry) (DUP): Next week the new President of the United States of America will take office. What differences are there between him and the Prime Minister, apart from the Prime Minister's having inadvertently said that he had already saved the world and the President's having said that he needs to do so?

The Prime Minister: I am looking forward to working with President Obama. I also pay tribute to what President Bush has done—he was the first to recognise the importance of dealing with international terrorism after 11 September 2001—but a new Administration have policies for a fiscal stimulus, and that will help Northern Ireland as well as the rest of the United Kingdom. If all the economies can work together in co-ordination, the benefit of what we do individually can be magnified a great deal.

I believe that the work that the Obama Administration are about to do to build a stronger economy will be complemented by what we can do in Europe, and by what China and other countries can do. I believe that the consensus throughout the world will be not only that we needed to recapitalise the banks, but that we need the very fiscal stimulus that, unfortunately, not all Members can support.

Q8. [246433] **Kerry McCarthy** (Bristol, East) (Lab): The Prime Minister may be aware that DK Eyewitness, the world's best-selling guide book publisher, recently declared Bristol one of the world's top 10 cities to visit in 2008. He is more than welcome to check out its recommendation himself whenever he wishes. More important is the fact that our city has also been shortlisted for the title of European green capital of the year, and has been voted the United Kingdom's most sustainable city. Does the Prime Minister agree with me, and with the people of Bristol, that green jobs and sustainable development are the way out of the present economic downturn?

The Prime Minister: I am grateful to my hon. Friend, and I look forward to visiting Bristol very soon. As for the environment, my hon. Friend is absolutely right. I believe that as we come out of this downturn, one of the triggers for further growth can be investment in the environment. We are going to invest in green and environmental technologies: on that we have an agenda in common with President Obama. I believe that when we meet at the G20 summit in April there will be general agreement that one of the ways in which we can increase demand in the world economy and create jobs for the future is by investing in our environmental industries, and we will certainly do that.

Businesses (Financial Support)

12.32 pm

Alan Duncan (Rutland and Melton) (Con): *(Urgent Question):* To ask the Parliamentary Under-Secretary of State for Business, Enterprise and Regulatory Reform if he will make a statement on the Government's announcements today about their loan package to help improve business credit.

The Parliamentary Under-Secretary of State for Business, Enterprise and Regulatory Reform (Ian Pearson): With permission, I shall give the House details of the business support measures that the Chancellor announced in the pre-Budget report in November, which are going live today.

The crisis in the global economy is above all a credit crisis. Many companies are struggling to finance themselves because of the crisis in the banks. Their business models are not flawed, but the credit crunch has drastically reduced the amount of capital available, and banks have tightened their lending criteria. Today's package is designed to address the problem directly.

The support package that we are launching today builds on the commitments that we made in November's pre-Budget report. It addresses the cash-flow, credit and capital needs of businesses. We are offering specific solutions, not a blanket subsidy; we are delivering real help, and targeting real needs. The package will make a real difference to business, while preserving value for money for the taxpayer.

First, the working capital scheme is a direct response to the constraint on bank credit available for lending to ordinary-risk businesses with a turnover of up to £500 million a year. The Government will provide banks with guarantees covering 50 per cent. of the risk on existing and new working capital portfolios worth up to £20 billion. The guarantee will secure £20 billion worth of working capital credit lines for companies, ensuring that they are safe from reduction or withdrawal. In addition, the guarantee will free up capital, which the banks must use for new lending as a condition of this scheme. This is lending that would otherwise not have been provided. No other proposed scheme of this kind would free up such additional capital or create new lending specifically for the use of UK companies. A charge will be made for the Government guarantee and although the risk will be relatively low, the Government will make prudent financial provision of £225 million in case of loan defaults.

Secondly, through a new enterprise finance guarantee we will support up to £1.3 billion of bank loans to companies with a turnover of up to £25 million. These will be smaller viable creditworthy firms that are struggling to access the finance they need because of the additional risk created by the downturn. Under the scheme, businesses will be able to borrow a maximum of £1 million, of which the Government will guarantee 75 per cent., to cover working capital or investment. They will also be able to convert their overdrafts into loans to free up their existing facilities. Banks will have to certify that each loan is additional to what they would otherwise offer. The scheme will operate on a first come, first served basis within the allocated proportion of the sum for each participating bank.

Thirdly, we are establishing a new £75 million fund to help viable small businesses with high levels of existing debt to raise long-term finance. The capital for enterprise fund brings together £50 million of Government funding with £25 million from major banks. Run by professional fund managers, the fund will provide equity investment to companies with viable business models that have exhausted traditional forms of finance. They will be able to use the capital to restructure their balance sheets and invest for growth.

Lastly, the Government want, if possible, to address concerns about the operation of credit insurance, which have emerged since the pre-Budget report. This insures suppliers of goods to other companies against payment default by those companies for the goods provided. As my right hon. Friend the Secretary of State for Business, Enterprise and Regulatory Reform announced, the Government are discussing with trade credit insurance providers a Government scheme to help companies affected by reductions in their credit insurance. There will be a further announcement on this as we progress.

This overall package of measures offers not slogans, but real targeted help from today to those firms that need it most, while ensuring the banks are not insulated from normal commercial risk. It addresses the problem at the heart of the credit crunch: credit for viable businesses.

UK businesses are the backbone of our economy, so it is vital that the Government act now. We are absolutely determined to do everything we can to support viable companies through this global downturn, and I commend this statement to the House.

Alan Duncan: May I start by asking the Minister to apologise to the House for the way in which his Department has handled this announcement? It was leaked yesterday to a BBC journalist, it was followed up with interviews on the broadcast media this morning, and it was briefed out in a press conference from the Secretary of State, yet he and his Department intended to give only a written statement to the House. That is yet another display of this Government's total disregard for proper parliamentary procedures, and Parliament will wish to express its displeasure at the contempt for it shown by Lord Mandelson.

We have been arguing for several months now that at the heart of this current recession is the collapse of credit. Companies of all sizes are experiencing significant difficulties, either as a consequence of the actions of the banks in protecting their own balance sheets or because credit insurers are withdrawing from the marketplace and breaking the payment chain. The CBI says that businesses will face the daunting prospect of refinancing £100 billion during this year. What number would the Minister put on the collapse in the volume of credit over the last year, and how does it compare with the figures the Government have announced today?

For the past few weeks the Conservative party has persistently called for the Government to adopt a big, bold and simple scheme which will open new channels of credit to help restore the flow of lending. Our national loans guarantee scheme would guarantee up to £50 billion of new loans to British business. It has been endorsed and supported by numerous commentators and trade bodies, but all the Government could do was rubbish it, yet now, today, they are announcing something based on it.

[Alan Duncan]

Can the Minister tell us how the Government will select the small firms that are eligible for the £1 billion of longer-term loan guarantees? Secondly, will the guarantees be available to foreign firms, or just to British companies? Thirdly, on what basis will the Government decide whether to buy the shares of a company? Fourthly, following the report in *The Guardian* today, will the Minister confirm that the £10 billion of guarantees for working capital will be self-financing, which is what we have argued for? Fifthly, what is there in the package for larger businesses, many of which are also our largest employers?

Today, redundancies have been announced at Jaguar Land Rover, Barclays and other companies, particularly in the retail sector. We are facing an explosion of insolvencies. Is not the package that has been unveiled today too little, too late and too complicated? The Government have spent months grandstanding and designing publicity stunts, during which time they have done absolutely nothing to help the 6,000 small firms that the Federation of Small Businesses says have gone under while we have been waiting for action. Now, they have announced a pale imitation of our proposals, which the National Institute of Economic and Social Research has said

"will look like another of the Government's half-measures".

The CBI says that the scale of the problem goes

"well beyond what the Government has announced today".

How long must we wait for the bigger, bolder and simpler scheme that the Opposition have been proposing for months? Today, we have been given a small bandage for a massive wound to an economy that has been injured beyond measure by the irresponsibility of the Prime Minister.

Ian Pearson: First, may I say that I am pleased to see that the hon. Gentleman is still in his job? I had heard rumours that the right hon. and learned Member for Rushcliffe (Mr. Clarke) might be taking over from him—*[Interruption.]*

Mr. Speaker: Order. There is no need for shouting.

Ian Pearson: We have made a written statement to the House today, and I am very happy to answer this urgent question. We shall continue to keep the House informed, through debate and other means, about how we will roll out the proposals that we announced in the pre-Budget report and of other decisions that we make.

It is important to contrast our proposals today—a measured, well thought out package of measures comprising a working capital scheme, an enterprise finance guarantee and a scheme to help companies that need equity injection—with the Opposition's untargeted and uncosted proposals. Our package of measures will be widely welcomed by small, medium and large firms.

The £1.3 billion package for small firms goes live today and, as I said in my statement, it will be made available on a first come, first served basis. The banks are participating fully in the scheme and have been given allocations. If businesses go to the Business Link website, they will find links that explain in more detail the eligibility criteria and how they can access the funding. That is a step change from the small firms loan guarantee scheme so that firms with a turnover of up to £25 million will be eligible. Companies with up to £500 million annual turnover will be eligible for the Government's working capital scheme, which will operate on a portfolio basis. We will discuss with the banks the portfolio of assets that will form part of that. It is a crucial point that that turnover of up to £500 million includes a significant number of mid-cap companies. The scheme is not just for small companies.

I can confirm to the hon. Gentleman that the capital for enterprise fund will be run by professional fund managers who will make investment decisions in the normal way. It will be an important scheme for small businesses that need equity.

The measures that we are announcing today are effectively targeted and costed. I can confirm that on a prudential basis we have reached agreement that we will allow for £225 million to be made available in the case of loss. We expect the measures to be run on a break-even basis but we have looked thoroughly at the costs, unlike the Opposition, whose proposals are uncosted and untargeted and are not, we believe, the most effective way forward.

Ms Patricia Hewitt (Leicester, West) (Lab): I know that many firms in my constituency will warmly welcome today's announcement, but will my hon. Friend confirm not only that the help will be available from today but that all banks will be participating, so that we no longer have the spectacle of some fundamentally and absolutely healthy firms finding that their overdrafts are completely withdrawn or that credit lines continue to be made available only at excessive rates of interest, often with no notice at all provided by the banks to which they have been loyal customers?

Ian Pearson: As always, my right hon. Friend makes some very good points. It is important that all the major banks take part in the various schemes. We have certainly been in discussion with them all on those issues. On the issue of lending to small businesses in particular, she will be aware of some of the decisions that were announced as a result, I believe, of Government pressure back at the end of November and early December about maintaining available lending. It is not just about the banks that take part in the recapitalisation process. The other major banks are making strong attempts to do the right thing by small businesses.

As my right hon. Friend rightly says, there is an issue about the credit economy and about the price of credit, which is why we believe that the working capital scheme is an appropriately and effectively targeted measure that will help many businesses in this country through these difficult times. Over the next few months, businesses will be looking to renew their credit facilities. The fact that there is a Government guarantee for existing and new credit lines will, I am sure, be welcomed by companies and it should be welcomed by this House.

John Thurso (Caithness, Sutherland and Easter Ross) (LD): May I begin by saying that, given the scale and complexity of the measures that are being proposed, it would have been far more appropriate if they had been communicated to the House in a statement on the Floor of the House? In future, if the Minister has any further such measures to announce, will he do so in the usual manner of and make a statement to the House?

Is it not the case that the core issue for the economy remains the crisis of confidence in the financial system and the consequent inability of companies to gain credit? The proposals are designed to help alleviate that problem. I would welcome any well designed or thought through proposals, but it is somewhat difficult to know whether these proposals meet that test at this time and my fear is that they do not. The root cause of the problem in the financial system remains the uncertainty about the level of toxic debt in the banking system. It is like a gangrene in the financial body and until that gangrene has been amputated in terms of the loss of a nasty bank that uncertainty will remain. Our concern is that large liabilities will continue to be taken on by the taxpayer without proper quantification or clear strategic thinking. Do the Government not accept that such conflict is inherent in their instructions to the banks to maintain 2007 levels of credit while repairing their balance sheets? Those aims, frankly, are not compatible.

With regard to the working capital scheme, may I ask the Minister how the Government will ensure that those funds go to companies that actually need them—to companies that would not otherwise be funded in the normal way by their banks? Is there not a danger that banks will simply use the funds to lower their risk? How is there to be a proper definition of new lending? Will it simply be new lending to an existing company that would already have had it or will it be to a company that would not have got it, and how will that be quantified?

With regard to the enterprise finance guarantee, how will creditworthiness be rated and what will be the due diligence procedure? How will the Government ensure that finance goes to firms that need it rather than to those that would have received it anyway?

Lastly, I am happy to give a cautious welcome to the capital enterprise fund, as I have long believed that one of the barriers to growth for small companies has been the lack of affordable capital, but how will the capital be made available? The Minister said that it will come by means of equity and that the fund will be run by professional managers, but at the core are the terms under which the equity will be acquired. What is the internal rate of return that the Government will target for those fund managers? What thought have they given to making the funds available in that way?

Although I welcome the sentiment behind the proposals, I am unsure as to their practical effects and whether they will work. May I ask the Minister that at the earliest opportunity the House be given the chance properly to scrutinise what has been put forward and to debate it in a manner other than this?

Ian Pearson: As a Government, we are always prepared to see proper parliamentary scrutiny of Government decisions and I have no doubt that, subject to issues of commercial confidentiality, we shall want to make full information available.

We believe that today's announcement is important. We have an effective package of measures that build on the work we have done so far—the recapitalising of the banks, the fiscal stimulus that has been announced and the discussions and negotiations we have had with the banks to make sure that those involved in the recapitalisation process continue to make lending available at 2007 levels, which the hon. Gentleman mentioned. All that is important. If he looks at the recent lending report produced by the Bank of England, he will see that the estimated net flow of lending to businesses for the whole of December actually picked up significantly compared with the previous month, but there are still issues, which is why the measures we have announced today are important.

The hon. Gentleman raised the issue of whether the working capital scheme would be additional. What we are doing, on a portfolio of companies basis, is seeking to agree with the banks a package of existing and new working capital credit lines, which we will guarantee as a Government. In turn, that will free up bank capital, and we have said that as a stipulation of participating in the scheme banks must use that freed-up capital to provide additional lending to businesses. That is something that will not be proposed in the Opposition scheme and is major additionality in the programme, which will, I am sure, be welcomed by the House.

The enterprise finance guarantee is targeted on creditworthy companies and because it is operated by the banks the process is that an individual company will apply for the scheme through its bank. Companies can get guidance from the Business Link website on how to go about the process but it will be up to the banks to apply due diligence in determining access to the scheme. I have already indicated the eligibility criteria in broad terms and more details are available.

Lastly, the hon. Gentleman mentioned capital for enterprise and I appreciate his cautious welcome for the scheme. It is targeted on smaller companies that need an equity injection that they cannot get through other means. It will be up to professional fund managers to determine the internal rates of return they might target and that is obviously a matter to which we shall return.

Sir Stuart Bell (Middlesbrough) (Lab): I welcome the statement made by the Minister. He mentioned fiscal stimulus. Is not that part of the package similar to the €50 billion that the German Government are putting into fiscal stimulus, the €26 billion in France and the $800 billion from President-elect Obama when he takes office? Building on the question put by the Liberal spokesman, is it not appropriate—as he said—to target during a recession so that the recession does not turn into a depression? Will my hon. Friend repeat the commitment that the Government have already given that they will do whatever it takes to avoid this recession turning into something longer and deeper, which apparently seems to be the wish of the Conservative Opposition?

Ian Pearson: My hon. Friend is absolutely right to point out that all other countries around the world are seeking to stimulate their economies. The fiscal stimulus we announced in the pre-Budget report is a measure that has been adopted by lots of other countries, including, most recently, Germany. The only party I am aware of that does not support fiscal stimulus is the Conservative party, and I have to say that the Conservatives are on the wrong side of the argument—

Mr. Speaker: Order. I call Mr. Luff.

Peter Luff (Mid-Worcestershire) (Con): I think I must give at least one cheer for the package, because I am sure that it represents the first step on the Government's journey to adopting the more ambitious proposals of

[Peter Luff]

my party, when the Minister will be forced to eat the unfortunate words he said about our proposals, which I fear misrepresent those proposals.

May I ask about the targeting of this scheme and existing schemes? Before my Select Committee this morning, the Secretary of State for Business, Enterprise and Regulatory Reform suggested that press reports that the funding would be targeted on specific sectors were wrong and that it would be available to all sectors. As the existing loan guarantee scheme is not available for the farming, transport, pub and post office sectors, for example, can the Minister clarify what the targeting—if any—of the scheme will actually be?

Ian Pearson: If the Conservative party wants to clarify its proposals I am more than happy to provide further commentary on them. At the moment they look to me to be uncosted, unfocused and poorly targeted and that remains my view, but until we see more detail, it is very difficult to say.

The working capital scheme is open to the non-financial sector and any companies with a turnover of less than £500 million. Details of eligibility for the enterprise finance guarantee scheme are on the Business Link website. It is a broader scheme than the small firms loan guarantee scheme, with which I know the hon. Gentleman is very familiar. I am sure that as Chair of the Select Committee on Business and Enterprise he will appreciate the fact that with the enterprise finance guarantee we are targeting companies with turnover of up to £25 million, which will bring in a lot more companies that badly need that loan assistance at the moment.

Mr. Mike Weir (Angus) (SNP): Could the Minister clarify when the funds will be available? I think he said that the £1.3 billion working capital scheme would be available from today, but can he tell us how long he expects that money to be available, given the number of firms that are likely to want to take advantage of it? Can he clarify when the enterprise finance guarantee fund will be available to business, and also the trade credit insurance scheme? It has come up in evidence to the Select Committee that many companies are concerned about trade credit insurance.

Ian Pearson: The enterprise finance guarantee scheme goes live today. We hope the working capital scheme will be up and running by 1 March. What is happening now is a process of detailed negotiation with the banks. They will be submitting portfolios of companies on which we will then provide the 50 per cent. guarantee. It is intended to last until 31 March 2010. We see it as a temporary measure to address the current global credit crisis. Of course, we will continue to monitor the situation and to see whether further measures need to be taken. Let us be very clear: we are providing a major Government intervention in the United Kingdom credit markets, as well as a major upgrade to the UK loan guarantee scheme. I am sure that businesses up and down the country will welcome that, and many will benefit from it.

Mr. Jim Cunningham (Coventry, South) (Lab): Given the announcement by Jaguar Land Rover today, and the ongoing problem, will the Minister talk to the Secretary of State, and will they arrange to meet a small delegation to discuss the situation? There is a lot of concern in the west midlands, and in Coventry in particular, where the local newspaper has been running a campaign to give assistance to the Jag.

Ian Pearson: I am certainly happy to meet a delegation, and I will pass on my hon. Friend's representations to the Secretary of State, who I know is a strong supporter of the car industry in the United Kingdom, and fully recognises its strategic importance to the UK economy. We have been in discussions with Jaguar Land Rover, and of course the redundancies announced today are regrettable. We see a major problem in the car industry right across Europe, and indeed worldwide. People simply are not buying cars, and that is threatening many car companies, not just Jaguar Land Rover. We need to look at what more we can do sensibly to support our car industry through this difficult economic time. Certainly, the package of measures that we announced today will be of benefit to the supply chain in the automotive industry.

Mr. James Paice (South-East Cambridgeshire) (Con): In and around Cambridge, and in my constituency, there are a large number of biotech and high-tech research companies that need several years of up-front investment before a product is fit for the marketplace. That investment is, of course, now drying up—it has been doing so for some months. I am perplexed as to whether anything in the Minister's package will help those businesses. If it does not, years of research and development, which in many cases could lead to health improvements or even life-saving products, will be completely lost. Will the package help?

Ian Pearson: I agree with the hon. Gentleman about the importance of the biotech industry to the United Kingdom. It has been going through difficult times. There are specific issues within that industry because of the long lead times before products get to market. Certainly, the biotech industry, along with other sectors of the economy, will be eligible for the working credit guarantee scheme. In addition, small companies that have a turnover of less than £25 million and meet the relevant criteria could benefit from the enterprise finance guarantee; that will obviously have to be decided on a case-by-case basis, after proper assessment. There is no reason why biotech businesses, and indeed businesses in other sectors of the economy, should not be able to take advantage of some of the support that the Government are making available as a result of these announcements.

Joan Walley (Stoke-on-Trent, North) (Lab): May I say how much businesses in north Staffordshire will welcome the statement? It is important to get the overall policy, and the detail, right. The Minister says that the help will be given on a first come, first served basis, but will he accept that particular areas of the country, such as north Staffordshire, have a disproportionate number of job losses as a result of the economic downturn? Will he hold an urgent meeting with north Staffordshire MPs, the North Staffordshire chamber of commerce and industry, and the ceramics industry, so we can make sure that we take full advantage of this part of the Government's overall package of available measures?

Ian Pearson: I am always happy to meet my hon. Friend and representatives from north Staffordshire. I am certainly aware of the issues affecting what might be called the A50 corridor, given the recent announcement of redundancies at JCB, the issues affecting companies at the other end of the A50 corridor, and the problems at Waterford Wedgwood, which were in the press recently, and in the ceramics industry in general. She will obviously want to advise companies in her constituency to look carefully at what is on offer as a result of the Government guarantees and the loan scheme. I am sure that there are companies in her constituency that would directly benefit from the measures that we are announcing—this is real help for businesses now. We need to get that message across, so that businesses apply for the real help that is available.

Mr. Brian Binley (Northampton, South) (Con): Small businesses have heard many fine words from this Government with regard to credit but have seen very little action, and frankly they are beginning to distrust whether anything will ever happen to help them. Will the Minister therefore tell us, in some detail, how he will assess and monitor the schemes, and how he will regularly report back to the House and the sector, to restore a little faith?

Ian Pearson: We will, of course, make sure that the schemes are fully monitored; the Government do that as a matter of routine, just as we are monitoring the lending of the banks, particularly the recapitalised banks. It is important to recognise that real help is being provided now. We should not forget that. That message needs to go out loud and clear to the business community. We will make sure that we report back to the House in the appropriate ways, through the normal channels, on the effectiveness of the programmes.

Nigel Griffiths (Edinburgh, South) (Lab): When I was the Minister responsible for small businesses, I successfully resisted attempts within Whitehall to wind up the small firms loan guarantee scheme, but I deplore the lack of basic understanding of how the scheme works shown by both Opposition Front-Bench spokespersons today. Will my hon. Friend point out to business and the public that while the extension will be welcome, and will help many companies, some of those companies—even those that, in other circumstances, would be successful—will go to the wall; and it will mean that tens of millions of pounds of Government money will have to underwrite loans when they are defaulted on? Will he ensure that his Department's budget continues to have that money, and will he warn people that defending his Department's budget is not one of the four priorities of the Conservative party?

Ian Pearson: My hon. Friend makes his points very well. Of course, he knows in detail how the small firms loan guarantee scheme works. It has been an effective policy instrument over a number of years. It was retargeted, in better economic times, on particularly small companies in a particular, small part of the market. It is wholly right that we should now focus on companies with a turnover of up to £25million, which significantly increases the number of companies that could benefit from the guarantees. Let there be no mistake: there are companies out there that will welcome the measures, because they need additional loan finance. We need to make sure that the Government get the marketing right, so that we can put those companies that need that finance together with the banks that can provide it, with the guarantees that are available from the banks themselves.

Sammy Wilson (East Antrim) (DUP): I, too, welcome the statement. The measure may be copied from the Conservative party, but that will not matter a great deal to the people who will benefit from it or to firms that find themselves in trouble because of an inability to borrow. There are three points that companies would make to me. First, any scheme should be simple, and companies should know who is and is not eligible. Secondly, it should be speedily applied when firms find themselves in trouble. Thirdly, it should be targeted at firms that are in genuine need as a result of short-term working capital difficulties.

Will the Minister give us an assurance about the eligibility criteria for the scheme? Will he assure us first, that it will be simple and transparent, and that firms will know when they are eligible; secondly, that it will be available quickly to firms when they find themselves in trouble, and lastly, that banks will not be able to use the scheme simply to replace their lending, rather than extending the money that is freed up to other firms?

Ian Pearson: The hon. Gentleman offers some good principles about how schemes should be designed. The enterprise finance guarantee and the working capital scheme are simple, transparent and targeted, and we believe that they will be effective policy instruments. It is important that businesses know that there is real help from today from the Government, through the banks, for those that have particular difficulties with access to loans and access to credit in the future.

The Government cannot help all businesses. What we can sensibly do is to consider what interventions we can make when we see major problems in the credit market and how interventions can be effectively targeted and costed. That is exactly what we are doing today. Over time we will see the measures producing significant benefit to many companies. We should not get hung up about where ideas come from. I would say that the Conservative proposals look very similar to the proposals that we announced in our pre-Budget report, but I do not want to play silly, party political games about this. People are interested in whether the measures will help companies and jobs for the future. People who are worried about their jobs and about the future of their business will welcome these steps, rather than get into some puerile debate about who thought up the idea first.

Ms Sally Keeble (Northampton, North) (Lab): I warmly welcome the announcements that my hon. Friend has made today. My county has a large number of small and medium-sized enterprises. What will my hon. Friend do to ensure even access to and take-up of the schemes across the regions? How will he ensure that companies outside the south-east can get proper information and advice not just through a website but face to face, so that they know how to access schemes and which one is best tailored to suit their individual needs?

Ian Pearson: That is an important issue. We want to ensure equal access to the schemes right across the regions. It will be up to Business Link and the regional development agencies to help to promote the schemes.

[Ian Pearson]

Chambers of commerce throughout the country will no doubt want to promote what is on offer, as will the CBI in the regions. Business Link will be one of the key means whereby companies can access information. A portal is available on the Business Link website, and most companies these days have access to the internet and will quickly be able to understand what is on offer. We need to monitor that regionally as well as nationally as we go forward, to ensure that companies that need support throughout the country are able to access it.

Mr. Greg Hands (Hammersmith and Fulham) (Con): We heard mention of the German stimulus package. I have a copy of that document, "Entschlossen in der Krise, stark für den nächsten Aufschwung", which details a €100 billion loan guarantee scheme, including, crucially, for large businesses. The document states that such a large scheme is possible because a large balance budget was built in the good years, unlike the situation in this country. The Germans really did fix the roof while the sun was shining. Can the Minister explain why his package is so small, compared with that on offer in Germany and compared with that offered by the Opposition?

Mr. Speaker: Order. This may be an opportune time, at the start of the new year, to remind hon. Gentlemen, and hon. Ladies, of course, that brief questions often lead to brief replies. I can then call Members more quickly.

Ian Pearson: By way of a brief reply, my understanding is that the German scheme has a turnover limit of €500 million. I could be wrong about that, and if so, I apologise, but £500 million sterling for the working credit guarantee scheme covers pretty much 99 per cent. of companies in the United Kingdom that are potentially eligible for the scheme. The hon. Gentleman should welcome it as an important measure.

John Hemming (Birmingham, Yardley) (LD): The Minister rightly recognises the redundancies announced today by Jaguar Land Rover as a result of reduced car sales. The Society of Motor Manufacturers and Traders has said that one of the reasons for the reduction in car sales is the absence of credit with which to buy cars. The announcement appears not to give people any hope that that credit will be available. Will the Government offer people any hope in that regard?

Ian Pearson: The hon. Gentleman knows that as a fellow west midlands MP, I have tremendous sympathy for those at Jaguar Land Rover who will hear today that they are being made redundant. We need to do all we can as a Government to make sure that they find jobs in the labour market again as quickly as possible. On trade credit insurance more generally or specifically for the motor industry, my right hon. Friend the Secretary of State has been actively involved in discussions about that. Officials are talking to the trade credit insurers and, as I indicated in my original comments, we hope to make a further announcement as things move forward.

Mr. Michael Fallon (Sevenoaks) (Con): Given that a significant proportion of previous lending volumes in 2006-07 was made by foreign banks and by non-bank lenders, how can we judge whether a £10 billion or a £20 billion scheme will be sufficient, when the Minister has not given us his assessment of the lending gap? Can he give us that figure?

Ian Pearson: The hon. Gentleman makes a key point when he refers to foreign banks and foreign bank lending. One of the significant things that has happened over recent months is that foreign bank lending in the UK has declined significantly. Domestic banks continue to show quite strong figures for lending, but overall there is a credit shortage. The hon. Gentleman will have seen some of the figures published by the Bank of England in its recent lending panel report. I do not need to elaborate as those are a matter of public record. It is important to recognise that this is a key issue. One of the features of our working capital scheme is that by providing bank guarantees as it does, it frees up some capital that will be reinvested in lending, providing additional capital to UK companies in the marketplace. That is important and it is something that the Conservative scheme, to the extent that I understand it, does not do.

Sir Robert Smith (West Aberdeenshire and Kincardine) (LD): Many small businesses in my constituency have always been frustrated by the fact that a lot of public money is being poured into the banks but that does not seem to result in a better credit situation for small businesses. Anything that the Minister can do to monitor what is going on and ensure that the scheme delivers extra money will be welcome. Specifically for the north-east of Scotland, will he work with the Department of Energy and Climate Change and the Treasury to see what else can be done for the North sea, where large investors have relied on the credit market? The Government's policy is to bring in new entrants who have to borrow to invest in the North sea, and that market is drying up. If the small businesses do not have the custom of the large company, they are in just as much trouble as if they cannot borrow from the bank.

Ian Pearson: I take the hon. Gentleman's point entirely. Other parts of Government are aware of the issues and are actively discussing them. If he wishes to talk to officials or other Members about that, I shall be happy to facilitate meetings.

Mr. William Cash (Stone) (Con): The Minister may know that many hundreds of my constituents work for JCB and Wedgwood. It is therefore a matter of grave concern that the customers of JCB should have credit available in order to buy its superb machinery—the same applies, of course, to companies such as Wedgwood. Will the Minister guarantee—he is offering a lot of guarantees—that that credit will be made available to enable those incredibly good pieces of equipment to be produced and purchased? Will he also give me an assurance that I can come to any meetings that he holds with the Members representing Stoke-on-Trent or any other Members of Parliament whose constituents are equally affected?

Ian Pearson: I should like to place on the record my belief that JCB is a tremendous, well organised and well run company that is going through difficult economic times at the moment. It has done all it can to maintain employment among its work force, but the demand for its products is not there at the moment. One of the reasons for that has been a lack of credit, and I hope that some of the measures that we have announced today will help the potential purchasers of JCB machines in future.

The Government cannot run businesses; it is up to businesses themselves to make decisions about how they should right-size their business according to the economic conditions and their views about the future. Business people at JCB and in the automotive industry, the construction industry and other sectors of the economy have to make those sorts of decisions. We can, however, provide a sensible framework of support for viable businesses, to help them through difficult times. That is what we are doing today.

Mr. Hugo Swire (East Devon) (Con): When will the Government wise up to the fact that the banking system is simply not working? Very often, larger companies' deals are reneged on and banks are trying to foreclose on them. I do not know what world the Minister is living in, but it seems to me to be a parallel universe. What leverage do the Government have left over the banks to get them banking and lending properly again?

Ian Pearson: We are in regular discussions with the banks. The hon. Gentleman will be aware that through UK Financial Investments Ltd we manage an arm's length interest in the banks that took advantage of the recapitalisation announced on 8 October. We monitor bank lending very regularly, and we have good dialogue and co-operation through the lending panel. He has to accept that the issue is not only about UK banks—banks worldwide have major credit issues. An adjustment is going on in our economy and the global economy. As a Government, we can take sensible measures to help companies and individuals through these difficult economic times—measures such as those announced today and those on home buyer support and other areas, to help people through difficult times.

Mr. Michael Moore (Berwickshire, Roxburgh and Selkirk) (LD): In recent weeks, hundreds of my constituents have lost their jobs, and many more who work for perfectly good companies fear the same fate, because the businesses for which they work are effectively being throttled by the attitudes and approaches of the banks. In many instances, the basic trust between banks and businesses has broken down. Will the Minister assure us that he will do more than carefully monitor the situation, and actively manage things so that businesses that need the cash, get it?

Ian Pearson: We are actively intervening, and the measures announced today are major steps forward in providing credit support and loan guarantees to companies. We cannot manage every individual transaction—that would be complete nonsense, and neither the hon. Gentleman nor any other Member would sensibly suggest that. However, we are ensuring that there is a sensible framework of support and that a range of policy instruments is available through the banks to help companies facing problems at the moment. That is what we are doing, and we believe that it is the right policy instrument. However, we will continue to consider the situation and discuss matters with the business community. If more can sensibly be done, we will want to do it.

BILLS PRESENTED

WELFARE REFORM

Presentation and First Reading (Standing Order No. 57)

Secretary Purnell, supported by the Prime Minister, Mr. Chancellor of the Exchequer, Mr. Secretary Straw, Secretary Alan Johnson, Secretary Hazel Blears, Mr. Secretary Hoon, Secretary Ed Balls, Mr. Secretary Denham, Mr. Secretary Paul Murphy and Mr. Secretary Jim Murphy, presented a Bill to amend the law relating to social security; to make provision enabling disabled people to be given greater control over the way in which certain public services are provided for them; to amend the law relating to child support; to make provision about the registration of births; and for connected purposes.

Bill read the First time; to be read a Second time tomorrow, and to be printed (Bill 8) with explanatory notes (Bill 8-EN).

CORONERS AND JUSTICE

Presentation and First Reading (Standing Order No. 57)

Mr. Secretary Straw, supported by the Prime Minister, Mr. Chancellor of the Exchequer, Secretary Jacqui Smith, Secretary Alan Johnson, Mr. Secretary Woodward, the Solicitor-General and Bridget Prentice, presented a Bill to amend the law relating to coroners and to certification and registration of deaths; to amend the criminal law; to make provision about criminal justice and about dealing with offenders; to make provision about the Commissioner for Victims and Witnesses; to make provision relating to the security of court and other buildings; to make provision about legal aid; to make provision for payments to be made by offenders in respect of benefits derived from the exploitation of material pertaining to offences; to amend the Data Protection Act 1998; and for connected purposes.

Bill read the First time; to be read a Second time tomorrow, and to be printed (Bill 9) with explanatory notes (Bill 9-EN).

Iraq: Future Strategic Relationship

1.24 pm

The Secretary of State for Defence (Mr. John Hutton): I beg to move,

That this House has considered the matter of Iraq: future strategic relationship.

Our debate this afternoon is rightly focused on Britain's future relationship with Iraq. As right hon. and hon. Members on both sides will be aware, in the past few days we have passed an important milestone. On 1 January, the Government of Iraq assumed full sovereignty for the whole country from the coalition. That is a truly remarkable achievement for a country that, at times, has looked at risk of being sucked under by a wave of terrorist extremism.

The termination of the security aspects of the chapter 7 United Nations Security Council resolution is not only confirmation of Iraq's regained sovereignty, but evidence of its re-emergence as a new democracy—one that no longer represents a threat to its regional neighbours or its own people. That we have reached this stage at all is testament to the hard work, commitment and, above all, sacrifice of coalition service personnel and civilians, as well as to the service and sacrifice of the Iraqi security forces themselves.

Angus Robertson (Moray) (SNP): I am grateful to the Secretary of State for allowing such an early intervention. We now have a timetable for withdrawing from Iraq, which is the right and proper thing to do. When will we finally have a timetable for an inquiry into the worst UK foreign policy disaster in living memory?

Mr. Hutton: I do not accept the last part of the hon. Gentleman's comments at all; I shall come to the first part in due course.

I am sure that hon. Members will join me in expressing our profound gratitude and admiration to all the British forces who have served in Iraq since 2003. In particular, I pay tribute today to the 178 UK personnel who have died on operations in Iraq and the many hundreds who have been wounded, many of them very seriously indeed. All of us in this place and, I believe, the vast majority of the people of Iraq will never forget their sacrifice in the cause of freedom and security.

We continue to work with the Iraqi Government to bring to justice all those responsible for illegal acts against British citizens, including those suspected of involvement in the murder of the six Royal Military Police in June 2003. I am very pleased that we have made progress on that investigation in recent months, and I hope to see further developments in due course. I stress to the House that we remain committed to doing everything that we can to secure the safe release from custody of the five British citizens taken hostage in May 2007.

A new chapter is now opening in our relationship with Iraq, and I want to begin with the issue of security. The security situation in Iraq has transformed over the past year. Today, violence across Iraq is at its lowest level since 2003. Although still capable of appalling atrocities, al-Qaeda in Iraq has suffered severely at the hands of both Iraqi and coalition forces.

Mr. Tobias Ellwood (Bournemouth, East) (Con): A few moments ago, the Secretary of State mentioned terrorist extremism and he has just mentioned al-Qaeda. Will he admit to the House that al-Qaeda was not in Iraq in any substantial form before March 2003? A question has been put to him about an inquiry; there are huge questions to ask about why terrorism was allowed to grow after we went into the country. Why did we not have a plan for peace after the initial war? That is why the House is asking for an inquiry.

Mr. Hutton: At the time of the military intervention in March 2003, we were grateful to have the full support of the Conservative party as Her Majesty's Opposition. We never made the point—neither in 2003, nor at any other time—that we were intervening in Iraq because of al-Qaeda. The hon. Gentleman should remind himself of the reasons for British and coalition intervention in Iraq in 2003.

It is interesting to hear the grundling and grumping from Conservative Members when they get the whiff of opportunity. I am trying not to be partisan today, but I certainly will be if people want me to be. Personally, I do not want to be. We are always stronger as a country when we stand together and we did stand together in the face of an unspeakable and barbaric dictatorship. As I said, Iraq is now a democracy, and not a threat to its regional neighbours or its people. In intervening, we stood up for the authority of the United Nations and the UN Security Council resolutions.

Mr. Ellwood *rose—*

Mr. Edward Davey (Kingston and Surbiton) (LD) *rose—*

Mr. Hutton: I shall not give way to the hon. Member for Bournemouth, East (Mr. Ellwood), as I have just done so. I give way to the hon. Member for Kingston and Surbiton (Mr. Davey).

Mr. Davey: Can the Secretary of State confirm that, prior to the decision to go to war, the Government received from the British intelligence services information and judgments that if the war occurred terrorism in Iraq would increase?

Mr. Hutton: I cannot confirm that, I am afraid. *[Interruption.]* Well, the hon. Gentleman asked me the question and I have given him my answer.

Mr. James Gray (North Wiltshire) (Con): I entirely acknowledge that the Conservative party did indeed stand shoulder to shoulder with the Government. None the less, will the Secretary of State accept that he was slightly incorrect a moment ago when he said that the Conservative party had wholeheartedly and altogether supported the Government? Many of us abstained, as in my case, and, of course, quite a large number of Conservative Members of Parliament voted against the war.

Mr. Hutton: The hon. Gentleman is responsible for how he votes in this House. He has drawn attention to his voting record on Iraq, and I am grateful to him for doing so.

Mr. Bernard Jenkin (North Essex) (Con): I supported the war, and I have not demurred from that decision. Nevertheless, the point raised by my hon. Friend the Member for Bournemouth, East (Mr. Ellwood) is very relevant. I arrived in Basra a few weeks after the invasion and was asked in Anglo-Saxon terms by the general officer commanding, "Where the hell is DFID?" There was no plan to capitalise on the first 100 days, and many of the bloody consequences that we have dealt with stem from that early failure of lack of planning. Will the Secretary of State admit that that is an issue that we should explore, not least because we need to learn some lessons for Afghanistan?

Mr. Hutton: I want to talk about an inquiry in a minute when I get to that part of my speech. I am grateful to the hon. Gentleman personally for the support that he has given and for the fact that he has been consistent in the views that he has taken on Iraq. Consistency in politics is a pretty good commodity.

Jeremy Corbyn (Islington, North) (Lab) *rose*—

Mr. Hutton: I will give way to my hon. Friend in a second—*[Interruption.]* No, indeed, and I want to make this clear to my hon. Friend as well. I fully respect the views of all hon. Gentlemen and Ladies in this House about these issues. We are invited into this House by the electorate, we come here and we are entitled—in fact, it is our responsibility—to exercise our judgment in these matters. I have no criticism of people's positions on this, but I am afraid that I have less sympathy with those who change their position at the whiff of political opportunism—I have no time for that whatsoever.

Jeremy Corbyn: I thank the Secretary of State for giving way. What estimate can he give us of the number of civilians who have died in Iraq since 2003 and the number of Iraqis who are still in internal or external exile from that country? What investigations will the British presence and any other presence undertake into the effects of the use of cluster bombs and depleted uranium weapons on the people of Iraq for generations to come?

Mr. Hutton: As my hon. Friend will know, I am not in a position to answer his question about the number of Iraqi civilian casualties. It has never been the job of the British military to quantify across Iraq the totality of civilian casualties. That is simply not a job we could do; first and foremost, it is the job of the Iraqi authorities. I am not going to stand here today and say that there have not been significant, appalling loss of life in Iraq since 2003. It has been an extremely difficult campaign, and the violence and terrorism that it has engendered have been significant—the point that I think that the hon. Member for Kingston and Surbiton was trying to make.

The purpose of this debate is to talk about the future relationship between the United Kingdom, and our allies and partners, and Iraq. I perfectly understand the desire of hon. Members in all parts of the House to go over the decisions that led up to the invasion of Iraq. The hon. Member for North Essex (Mr. Jenkin) referred to the role of other Government Departments in the campaign in Iraq. I am sure that when an inquiry is established, these are appropriate issues that can be looked at. I am not in a position today to say to the House when such an inquiry will be established—those are matters for my right hon. Friend the Prime Minister. I want to deal with that issue in more detail in due course.

Mr. James Arbuthnot (North-East Hampshire) (Con) *rose*—

Mr. Hutton: I give way to the Chairman of the Defence Committee.

Mr. Arbuthnot: In some of the interventions that have been made so far, it has almost been suggested that history began in 2003—yet before that time, the number of people who were being killed in Iraq was absolutely horrific. The story of 2,000 villages being wiped out in 1988 by the use of chemical weapons by Saddam Hussein is something that cannot just be ignored by this House. Admittedly, it was not the reason we went to war, but let us not pretend that history began in 2003.

Mr. Hutton: The right hon. Gentleman has made the point much better than I have. I agree with his comments. That is not the reason we went to war—that is also very clear from the comments made by my former right hon. Friend Tony Blair in this House on many occasions, and by others since. We should not forget the past in Iraq. It is appropriate to remind ourselves in debates such as this about the legacy of Saddam and the brutal, murderous regime that he presided over. Iraq, in case there was any doubt about this in any part of the House, is a better place—*[Interruption.]* It is a better place without Saddam and the Ba'athist regime that he represented than it was with the Ba'athist regime. *[Interruption.]* As for the hon. Gentlemen who are grumbling away, I am sure that we will all have to put up with listening to their speeches in due course. The hon. Member for Carmarthen, East and Dinefwr (Adam Price) will have a chance to make his speech; I just want to get on with mine, if that is okay.

I want to start with the issue of security. As I said, the security situation in Iraq has been transformed over the past year.

Sir Menzies Campbell (North-East Fife) (LD): The Secretary of State has drawn attention to the circumstances of Iraq under the reign of Saddam Hussein. Does he recall that in the Scott inquiry report, the learned judge who conducted that inquiry recorded the fact that within some weeks of the events at Halabja, the then British Government extended the amount of credit that they were willing to give to Saddam Hussein for purchasing British manufactures?

Mr. Hutton: Indeed, I am aware of that. I am afraid that I do not accept responsibility for that; those were the actions of the previous Government, and, I have to say, not a very credible series of actions.

Today, violence across Iraq is at its lowest level since 2003. While still capable of truly appalling atrocities, al-Qaeda in Iraq has suffered very severely at the hands of coalition forces. Increasingly—this is the positive side of it—Iraqi authorities are able to deliver security on the ground with only limited coalition support. Coalition forces have trained and equipped more than 560,000 Iraqi security forces personnel since 2004, meaning that there are about four Iraqi security personnel for every coalition soldier deployed in that country. In parallel, the coalition has worked very closely with the Iraqi Defence and Interior Ministries to develop their capacity both to support the front-line security forces and to exercise effective oversight of them—something that is very important in a functioning democracy.

[Mr. Hutton]

No one should be complacent, and we certainly are not, about the security situation across Iraq as a whole. Violence remains at an unacceptably high level in some parts of the country, and undoubtedly significant security challenges remain. However, I believe that there is now good reason to be optimistic about the future of Iraq. That is very much the mood—as I found for myself and other right hon. and hon. Gentlemen have too—in the city of Basra and in and around southern Iraq. The Defence Committee reported last July that the security situation in Basra was "a world away" from what it had been the year before. Very recently, the US ambassador in Iraq, Ryan Crocker, spoke of the situation in the south of Iraq as being "an extraordinary transformation".

I saw that for myself during a visit to downtown Basra last year. The locals with whom I spoke were confident in the ability of the Iraqi security forces to preserve the peace that they now enjoy and were optimistic about the future. We should celebrate that. I believe that that sense of optimism is now widespread across Iraq. A few days ago, I spoke to the British commander in Basra, Major-General Andy Salmon, who is doing a fantastic job there—I hope that that is also the view of others in this place. He reported that morale among our military and civilian personnel in Basra is extremely high. It is high because they are confident that they will leave behind a positive and lasting legacy—not just of improved security but of increasing prosperity, about which I want to say more in a few moments.

Basra is now reaping the dividends of coalition strategy in southern Iraq. Since 2003, UK forces have worked tirelessly to provide security, while simultaneously developing the capacity of the Iraqis themselves so that progress can be sustained over the long term. We have trained more than 20,000 Iraqi soldiers since 2004: first, as part of building up the 10th Iraqi army division in south-eastern Iraq; and, since 2007, training the 14th division in Basra itself.

UK personnel have also helped the coalition to train Iraqi naval personnel and marines and more than 22,000 policemen. That long-term project to empower the Iraqis has proved instrumental in transforming the security situation. Only a year or two ago, as we all know, the situation was very different. Our presence in Basra—and I accept this—was acting as a magnet for militia violence and as a propaganda tool for extreme nationalists. We knew, as the Iraqi Government knew, that the British armed forces could not by themselves solve all Basra's security problems. It was essential that the Iraqis took the lead. We therefore developed, in consultation with the Iraqi Government and our coalition partners, a strategy under which we made a calculation about the right moment for UK forces to withdraw from the centre of Basra—very much on our own terms and to our own time scales—and adopted a role of tactical overwatch. The Iraqi authorities were given control of security. As General Petraeus, who personally approved the strategy, said at the time, that was

"a positive step on the path to Iraqi self-reliance"

and it began rapidly to change the security dynamics in Basra. It is one thing for a nationalist Shi'a militiaman to aim his rifle and to shoot at a British soldier whom he perceives as an occupier; it is quite another for him to shoot a soldier wearing the uniform of his own country.

Mr. Edward Leigh (Gainsborough) (Con): Prior to our withdrawal to the airport, can the Secretary of State give a categorical assurance that there were no discussions with Shi'a militias that, as a quid pro quo for our withdrawal, there would be no attacks on British troops?

Mr. Hutton: There were discussions with local militia; of course there were, and we conducted those discussions openly and with the full consent and agreement of the Iraqi Government and our coalition partners. In counter-insurgency operations, as I am sure the hon. Gentleman would be prepared to accept—I hope that he would—there are times when we need to talk. That is inevitable if there is to be a sustainable long-term solution. I reject absolutely any suggestion that there was a covert agreement that unfairly favoured British security forces. That is not the case at all.

Patrick Mercer (Newark) (Con): Could the Secretary of State explain why, if the British forces remained in overwatch once they withdrew to the airport, things had to be restored by US forces when the situation went bad?

Mr. Hutton: That is not a full and complete description of what happened later in 2008, and I want to come to Operation Charge of the Knights in a few moments. I do not accept the fundamental premise of the hon. Gentleman's comments because it rests on the assumption that British security forces took no role in that operation and, as he knows, that is not the case.

Mr. Adam Holloway (Gravesham) (Con): Does the Secretary of State not accept that when we made the accommodation and went back to the airport, we did not hand Basra over to the Iraqi Government or the Iraqi army? We handed it over to the Jaish al-Mahdi militia.

Mr. Hutton: I do not accept that as a description either. I would be perfectly prepared to accept as fact the strength and activity of local militia groups in Basra. They were extremely active, and targeted their fire not only at us, but at Iraqi security forces. The point of the agreement, however, was to transfer security authority to the Iraqis. That is what we did, and we had to face, as the hon. Member for Newark (Patrick Mercer) recognised, a continuing level of insurgency in Basra. We addressed that together with our coalition and Iraqi partners.

Mr. Ellwood *rose*—

Mr. Davey *rose*—

Patrick Mercer *rose*—

Mr. Hutton: I have given way to all of the hon. Gentlemen who are seeking to intervene. I hate to say it to the House, but I still have quite a long speech ahead of me. Given that all these issues can be fully aired and addressed in the debate, I would prefer to make a little progress with my speech.

Our withdrawal set the conditions for the Iraqi soldiers that we had trained to secure public support as the first step towards winning back their city from the militias. In March last year, Iraqi security forces surged into Basra, as several hon. Members mentioned, to tackle militia violence and influence. By devising and implementing their own solution, the Iraqi security forces had proved themselves capable of solving an Iraqi problem. During these operations, and contrary to a lot of highly inaccurate reporting, the UK met the Iraqis' requests to provide close air support for ground operations. We provided aviation assets, artillery, logistics and medical expertise to support the operation of coalition and Iraqi forces. The US also played an important role, which I am happy and pleased to acknowledge, and allowed their personnel embedded with the Iraqi reinforcements that they were partnering in the north of the country to be redeployed to support their engagement in Basra. The end result of Operation Charge of the Knights represented a huge step forward: a secure and stable Basra. I hope that that is not in dispute. The success of that operation and the sustainment of the security gains it achieved are a vindication, not a contradiction, of the long-term strategy that we have pursued with our Iraqi partners.

General Odierno, the current US commander in Iraq, said after a recent visit that our efforts there offered a model for successful transition across Iraq, and said that Basra is the way forward. That success will provide the foundation for our enduring bilateral defence relationship with Iraq in the years to come. Looking to the future, negotiations to ensure a firm legal basis for our military presence in Iraq in 2009 were concluded successfully at the end of 2008 and the new legal basis took effect from 1 January.

Ms Dari Taylor (Stockton, South) (Lab): I am quite concerned, and would like to ask my right hon. Friend whether I have got this right. I listened to the debate about Operation Charge of the Knights, and I believed that the Chief of the Defence Staff made it quite clear to us that our forces' involvement in that episode was to help

"to improve the conditions in the city and set the foundations for future progress".

I would appreciate it if my right hon. Friend would go back over that episode, and state whether I have interpreted Sir Jock Stirrup's words correctly.

Mr. Hutton: I am not entirely sure that I know the context within which the Chief of the Defence staff made those remarks, or the quote that my hon. Friend is relying on. I have presented a full and fair account of the operations that led up to Operation Charge of the Knights, and an account of the operation itself. It was an Iraqi-led security mission designed to deal with the security challenge posed by local militia groups in the city, and it was supported strongly by US embedded units and British forces in Basra. The purpose of the withdrawal into the contingency operating base in 2006 was as I have described.

Ms Taylor: I am hearing in the House today that British troops "eventually" got involved. As I understand it—and this was not just quoted in formal Ministry of Defence material I have read, but in an article in *The Guardian* on 18 December—it is clearly stated that the Iraqis drew up the plan with British prompting and help. I am sure that I have got this right, but I want it on the record. The focus of the plans was to contain the situation on the ground while the Iraqis grew their own forces to ensure that they could deliver whatever was required.

Mr. Hutton: That I certainly can confirm. British forces were strongly in support of this operation and were keen to encourage the operation to begin. It is completely untrue to suggest, if anyone is doing so, that British military forces were reluctant to be involved in Operation Charge of the Knights or somehow did not support it.

Mr. Ellwood: Will the Secretary of State give way?

Mr. Hutton: With great respect to the hon. Gentleman, no. We are all looking forward to hearing his speech, but we will hear it more quickly if I can get on with my remarks.

Looking to the future, we have successfully reached an agreement with the Iraqi Government on the status of our forces, and I have arranged for copies of the new relevant texts to be placed in the Library. Many right hon. and hon. Members have expressed their wish for a public inquiry into the Iraqi war. As I said, my right hon. Friend the Prime Minister has reiterated our long-standing position that this is a matter we shall consider once our troops have come home from Iraq. That has not happened yet. We still have significant numbers of UK combat forces deployed in Iraq, and it is right that at this moment, our full focus remains on completing the tasks we have agreed with the Government of Iraq. We remain on track to complete those tasks by the end of May. I am delighted to report to the House that, as many hon. Members will know, Basra international airport was transferred to Iraqi civilian control on 1 January and is now a fully operational civilian airport. That is the culmination of an enormous amount of work by the RAF's 903 Expeditionary Air Wing, and represents the completion of one of our key remaining tasks in Iraq. Meanwhile, the 14th division of the Iraqi army in Basra continues to make excellent progress, as do the Iraqi navy and marines, whom UK forces in particular are heavily involved in training at Umm Qasr.

Mr. Davey: During the Queen's Speech debate on foreign policy, the Foreign Secretary confirmed that it was not the case that every single British troop would have to come home before an inquiry could be held. The Prime Minister said in his statement on 18 December that by 31 July this year, there would be fewer than 400 British troops remaining in Iraq. If that is the case, will that be the trigger for an inquiry? In the Secretary of State's estimation, how few troops must remain before an inquiry can be called?

Mr. Hutton: I shall not argue with any of the figures that the hon. Gentleman has used. My point is that we have 4,000 combat troops in Iraq, and they will be there for several months. There is no prospect of an inquiry starting while deployment continues at that level. As I have said, I am not here to make an announcement on the timing of the inquiry. Such an announcement will be made in due course, once the Prime Minister and ministerial colleagues have come to a decision about the right time for such an inquiry.

Sir Robert Smith (West Aberdeenshire and Kincardine) (LD): Will the Secretary of State give way?

Mr. Hutton: No.

[Mr. Hutton]

From the end of May onwards, as I have said, there will be a significant reduction in UK force levels as we move to a more normal defence relationship as part of a broad-based and enduring partnership with a democratic Iraq, in which I hope economic, commercial, cultural and educational relationships will come increasingly to the fore. UK military personnel who remain in Iraq after 31 July will do so at the request of the Government of Iraq, to deliver and support specific long-term training initiatives agreed between ourselves and the Government of Iraq. On the basis of our discussions with the Iraqi Government to date, I anticipate that those future activities will involve no more than about 400 UK personnel.

As we develop our bilateral defence relationship, our aim is to focus on key strategic areas for Iraq, in which UK personnel can bring particular expertise to bear and make a real difference. In particular, consistent with a recommendation by the Select Committee on Defence, we have offered to continue to provide maritime support and naval training. That will build on the impressive work done to date by the UK-led coalition naval training team, which has helped to develop a new Iraqi navy from the broken force inherited from the previous regime.

Sir Malcolm Rifkind (Kensington and Chelsea) (Con): The Government have chosen as the title of the debate Britain's "future strategic relationship" with Iraq. Will the Secretary of State confirm that in fact we will not have a strategic relationship with Iraq? A strategic relationship would normally imply an ongoing defence commitment or something comparable. There will be some support for naval training, but otherwise we hope that our relationship will be rather like those that we have with other countries in the region, such as Jordan and Egypt. Surely the use of the term "strategic relationship" simply does not describe what will exist after next June.

Mr. Hutton: No, I do not accept that. I am only on page six of my speech, and I want to come to the other aspects of our relationship, including economic and political aspects. Together with the measures to be taken as part of our security relationship with the state of Iraq—I have not described all of them, as the right hon. and learned Gentleman will know—those matters will genuinely constitute a long-term strategic relationship with a very important partner nation in the middle east that has a regionally significant contribution to make across a wide range of subject areas. I therefore do not accept that what he has said is true.

I could go into other aspects of our military and security relationship if the right hon. and learned Gentleman would like me to, but it would not be true to say that the extent of our military engagement after July will be confined to continuing training with the Iraqi navy. We envisage an ongoing role in working with the Ministry of Defence to improve its capabilities and effectiveness. That is the Iraqi Ministry of Defence—the capabilities of my Ministry are fine and do not need any improvement. Another aspect of our relationship will be helping the Iraqi army to develop an officer corps, and working with non-commissioned ranks to improve the training and effectiveness of those very important people.

Sir Malcolm Rifkind: The right hon. Gentleman is, of course, correct that I have not yet heard the rest of his speech, but I have reread the statement that the Prime Minister gave to the House on similar themes on 18 December. He said that our relationship with Iraq would be

> "the realisation of a normal defence relationship, similar to those we have with our other key partners in the region".—[*Official Report*, 18 December 2008; Vol. 485, c. 1235.]

We do not have strategic relationships with other countries in the region; we have friendly, normal relations. I suggest again to the Secretary of State that a strategic relationship implies an ongoing, substantial commitment, such as the United States will certainly have to the overall defence of Iraq. As I understand, it is no part of the British Government's policy that we should give long-term commitments similar to those being offered by the United States.

Mr. Hutton: I have great respect for the right hon. and learned Gentleman, so I shall not make the point that we are dancing on pinheads in trying to define what we mean by "strategic". I do not wish to respond to his point in that way. Clearly, we will not have the kind of ongoing military relationship that the United States will have with Iraq. That is perfectly true. However, considering the other issues that I shall come to, I do not believe that it would be wrong to describe our future relationship with Iraq as being of a strategic nature. It will be, and perhaps we can explore that in more detail during the contributions of other Members.

Sir Menzies Campbell: It seems to me that the right hon. and learned Member for Kensington and Chelsea (Sir Malcolm Rifkind) put his finger on a very important point. The reason why we may be indulging in semantics is that we are seeking a firm definition of what the relationship might be. The nature of it will determine what obligations this country might have towards Iraq. In the light of current public opinion on our commitment to Iraq, those obligations are clearly of the most significant public interest. The Secretary of State says that our relationship with Iraq will not be like that of the United States, but is he willing to be more definitive about its nature?

Mr. Hutton: Well, I may have the chance to do that if I make a little more progress. The right hon. and learned Gentleman is another distinguished Member, and I suggest to him that we have forged a unique and distinctive relationship with Iraq, through some years that have been very difficult given the nature and strength of the insurgency of al-Qaeda, Sunni, Shi'a or whatever origin. I would therefore apply the word "strategic" to the relationship, which was forged in extremely difficult circumstances when the state of Iraq was under siege from terrorist violence.

The actions and interventions of the coalition forces ensured that we could get to this point, and that we could have such a debate about the future of the state. I suspect that many Members had written that off as impossible maybe only 12 or 18 months or two years ago. There is always a temptation in the House to rewrite history, and we all fall victim to it from time to time. We are very keen historians. However, I do not believe that it is fair or accurate to describe as a failure our relationship or the intervention and its consequences, as some have tried to do. If we have the courage to take the opportunity, we can build a strategic relationship and put behind us the disagreements that have bedevilled the debate about Iraq and the region. I am definitely on the side of those who say that we should do that.

The Government of Iraq have indicated that they would like to continue to receive other military training and education from the UK. I briefly described some aspects of that to the right hon. and learned Member for Kensington and Chelsea (Sir Malcolm Rifkind). We intend shortly to begin more detailed discussion to establish the precise scope of that future activity, but it will be broadly in the areas that I referred to a moment ago.

I turn to the developments in Iraqi democracy and politics, and I shall also come to Iraq's economy and economic prospects. The Iraqi people have embraced democracy with enormous, and maybe not surprising, enthusiasm. The parliamentary elections in December 2005 saw a turnout of more than 80 per cent., and 2009, too, will be a year of elections, not tyranny, with both provincial and national elections scheduled. Provincial elections planned for later this month will provide Iraqis with the opportunity to hold local politicians to account, and give those who boycotted earlier elections and those who have now renounced violence an opportunity to participate in the political process. In Basra alone, an astonishing 1,272 candidates, including more than 300 women, have registered to compete for only 35 seats on the local provincial council—not like elections in my constituency.

Religious and ethnic minorities will be guaranteed representation on key councils across the country. Nationally, political debate is increasingly lively, with political parties beginning to move away from simple sectarian groupings and form alliances around specific issues. We should all welcome those developments.

Inevitably, there have been problems, but, encouragingly, they have been resolved through political dialogue—not through violence—such as the compromises to ensure the return of the Sunni bloc to Government last summer, and the hard-fought, but ultimately successful negotiations on the terms of the provincial elections law.

The Council of Representatives is maturing as a voice for the Iraqi people. Initially beset by problems of sectarian groupings and absenteeism, there is now an increasing understanding of its role and responsibilities. Significant challenges remain, but, as an institution, it witnesses more political debate and questioning than was evident under any so-called "parliament" in the days of the former regime.

We will continue to support Iraq's political and economic development, including through our engagement with international organisations such as the United Nations and the European Union. I very strongly welcome the commitments that the EU made in November.

That leads me to economic regeneration and development. Iraq enjoys major oil and gas resources and a skilled and educated work force, which once placed it at the economic heart of the middle east. However, after decades of neglect, Iraq's private sector is in desperate need of renewal to capitalise on the country's huge potential and to bring jobs and prosperity to local people.

As the Defence Committee again observed,

> "the UK Government has the opportunity to help Iraq realise and reap the benefits of its potential wealth",

and that will continue to be a major objective of our future strategic relationship.

Harry Cohen (Leyton and Wanstead) (Lab): Why is the private sector the priority for the Government and the occupying forces in Iraq? The public sector has been devastated—by bombs and all sorts of destruction. Why, therefore, have a lop-sided policy for privatisation? Is not that old-fashioned and reactionary of the Government?

Mr. Hutton: Well—*[Laughter.]*

Harry Cohen: I am being serious.

Mr. Hutton: My hon. Friend makes a serious point, but let me make two or three comments. We are not talking about the Government's policy—

Harry Cohen: You said it.

Mr. Hutton: I am describing the Iraqi Government's policy to develop a more vibrant private sector. That is the Iraqi Government's decision, not a judgment call by the British Government. Oil and gas reserves are significant, with assets in the north and south of the country. The Iraqi Government recently sponsored a conference in London to consider the role that international energy companies can play and the extent to which they can help the Iraqis develop a modern and effective oil and gas industry. Few people in the world today—perhaps my hon. Friend is one—believe that all that can and should be done only by state oil companies. That is not the British Government's or the Iraqi Government's view. The British Government's role and objectives are to help support the Iraqi Government to develop those elements of economic policy. It is the Iraqi Government's chosen path. With great respect to my hon. Friend, it is neither right nor true to describe coalition forces, who operate in Iraq under a UN Security Council resolution, as occupying forces. That is out-dated and inappropriate language.

We have already worked hard to renew vital economic and social infrastructure, stimulate economic growth and attract inward investment, which is necessary to secure the prosperity of the Iraqi economy.

Meg Munn (Sheffield, Heeley) (Lab/Co-op): I am sure that my right hon. Friend agrees that the ability of people from Iraq to travel internationally when developing trade links is important. May I therefore raise the problem of getting visas to the UK? For example, people in the Kurdistan region must go to Oman to get a visa. Given that the position in Iraq has improved so much, will my right hon. Friend examine the matter with his ministerial colleagues so that Iraqi people can travel and do business internationally in the same way as everybody else?

Mr. Hutton: I am grateful to my hon. Friend, who was a Minister in the Foreign and Commonwealth Office, for making that point. The Minister of State, Foreign and Commonwealth Office, my hon. Friend the

[Mr. Hutton]

Member for Harlow (Bill Rammell), tells me that the Foreign Office is looking to improve access to visas and the arrangements that apply, especially to those travelling from specific parts of northern Iraq. Perhaps he can develop that point in his response to the debate.

I pay special tribute to Michael Wareing and his work with the Basra Development Commission, which has successfully raised Basra's profile through a series of investment conferences—most recently last month in Istanbul—and drawn up an economic development strategy. That will become the work of, and come under the ownership of, the Iraqis later this year. It also addresses specific problems, such as youth unemployment, and recently announced a pilot scheme to provide 500 young Basrawis with employment training through placements with local businesses.

The much-improved security situation means that international companies are now seriously considering investing in Iraq. That is a good thing. The UK has facilitated more than 15 investor visits to show international companies the opportunities available in Iraq. That has led to $9 billion worth of proposals being submitted to the Government of Iraq. The next step is for Iraqi institutions to take forward that work. We have helped create the Basra Investment Commission, the launch of which the International Development Secretary attended in Basra on 6 November. Once fully operational, the BIC will lead on promoting investment opportunities in the city, turning proposals—I hope—into jobs and wealth. The opportunities are substantial.

In addition to the development potential of Basra's international airport, Umm Qasr is Iraq's only deep water port. It is busier than ever, but antiquated equipment and methods mean that it does not yet achieve anything like its full potential. The UK and our coalition partners are working with the Iraqi authorities to develop the port, and it is one of the key areas in which international companies rightly look to invest.

Iraq has the third largest reserves of oil in the world, and the potential to be an extremely wealthy country. However, decades of under-investment under Saddam and the effects of corruption and sabotage have left Iraq's energy infrastructure in a deplorable state. The Iraqi Government are now addressing that issue, looking to place major contracts with multinational companies to help repair and modernise equipment and to develop oilfields more efficiently, while ensuring that the Iraqi people retain ownership of their resources.

There are huge investment opportunities for UK businesses, and the Government of Iraq, from Prime Minister al-Maliki downwards, have repeatedly emphasised their strong desire for increased UK investment in Iraq. I greatly hope that UK companies will be quick to join the rush of those seeking to take advantage of these opportunities.

I have tried to describe the challenges that UK personnel have faced and overcome in southern Iraq. I cannot overstate the contribution of the UK's armed forces, but the achievements in southern Iraq have not been the result of UK military efforts alone—the mission has been joint in every sense. UK forces have co-operated with the Iraqi security forces and our coalition partners. In a prime example of the comprehensive approach that we have tried to follow, the UK effort has been developed and supported across Departments.

Iraq's future is now in Iraqi hands, and the continued development of a stable, prosperous and democratic Iraq remains vital to the UK's strategic and national interests. Such an Iraq will promote stability and prosperity in the middle east and be a key ally in the fight against terrorism, and can make a major contribution to improved global energy security.

Our mission in Iraq has freed Iraqis from the oppression of Saddam's brutal rule. It has empowered them to build their own democratic institutions and paved the way for a different and more positive future—for themselves and the region. I am proud to say that we are at the point of completing the UK mission. When we have done so, our forces can return home with their heads held high. However, their homecoming—warmly anticipated by their families and loved ones—will not be the end of our involvement in Iraq. We look forward to a long and fruitful bilateral relationship, covering the full range of co-operation and engagement, from security to economic, political to cultural: a relationship based on friendship and respect between Iraq and the UK, forged in exceptionally difficult times and now set to develop as a lasting legacy of the service and sacrifice of so many of the brave men and women of our armed forces, who have made all that possible.

2.9 pm

Dr. Liam Fox (Woodspring) (Con): The United Kingdom has paid a high price to remove Saddam and help to build a better Iraq. British forces have been in Iraq for 2,126 days. We have lost 178 of our brave soldiers, sailors, airmen and marines, and hundreds more have been wounded. The long-term psychological impact on the members of our armed forces is virtually unknown, and the British taxpayer has paid out more than £6.5 billion since the invasion in 2003.

But when we consider that steep price, we must not forget that under the brutal and authoritarian rule of Saddam Hussein, Iraq invaded three of its neighbours, fired Scud missiles at five of its neighbours and killed hundreds of thousands of its own citizens and Iranians with chemical weapons. As my right hon. Friend the Member for North-East Hampshire (Mr. Arbuthnot) has said, history did not begin in 2003. It is hard to believe that anyone still believes that the Iraqi people, the region or the world would have been better off with Saddam still in power. Yet those who believe that the invasion should not have taken place must believe that to be so—I do not believe that and never have.

Sir Robert Smith: The hon. Gentleman is detailing the price that has been paid, but is there not another price that has been paid by the people of Afghanistan? The west went into Afghanistan with a clear purpose and mandate and an important job to do, but then it took its eye off the ball and neglected Afghanistan, diverting resources to Iraq before finishing the job and leaving a high price to pay for the people of Afghanistan and for our troops who are trying to clear up the mess that we have left behind.

Dr. Fox: I will talk about Afghanistan in a moment, but if the hon. Gentleman is saying that the world community should have placed more emphasis on Afghanistan from the outset, he is correct. However, I do not believe that there was a choice between the two.

Indeed, there is still a strong case for the international community to play a much greater role and to give greater commitment to the United Nations mission in Afghanistan, where there is much still to be done.

The sacrifices of our armed forces and our loved ones should not—cannot—go unnoticed, and our country and the people of Iraq owe them a great deal of gratitude and thanks. Our mission in Basra is coming to an end. When I met General Mohammed recently, he made it clear that the Iraqis no longer see a combat role for British forces. However, in what can be viewed only as a positive development, not only do the Iraqis want to take control over their own destiny, but they increasingly have the means to do so. The Iraqi security forces have significantly grown, and I have seen at first hand how the security situation has improved in Basra. When I was there only a few weeks ago talking to ordinary citizens on the streets and mixing with them freely, which, for the first time, I did without body armour, I found that the conversations and concerns have moved away from security and on to issues such as access to electricity, clean water, jobs and economic prosperity. That those people can think that way is the result of the hard work and sacrifices of thousands of British, American and Iraqi troops over a number of years.

Although the security situation has established the conditions for what will eventually be a total withdrawal—or an almost total withdrawal—of British forces from Iraq, the Government have a responsibility to ensure that they consolidate the recent success into a long-term vision. It is also vital to point out to the international community that a reduction in British forces in Iraq in no way means a British disengagement from the region. In particular, it would be very wrong for Iran to draw the conclusion that any UK troop reduction represents a change in British policy towards the threat that it poses to the region and beyond. The continued and highly valued role being played by the Royal Navy is testament to our continued engagement and interest in the region and its people.

Harry Cohen: I want to return to the hon. Gentleman's first point, about the removal of Saddam Hussein, whom we all detested. However, notwithstanding that regime change was illegal, does the hon. Gentleman really think that it was worth while for 1 million people to be taken out with him, along with another 1 million people before that through sanctions, making more than 2 million people killed so that Saddam Hussein could be got rid of?

Dr. Fox: It is presumptuous if we think that we know what is good for the Iraqi people better than they do. It is clear to anyone who has been to Iraq and talked to the people there that those people believe that they are better off than they were under Saddam Hussein, because they have a chance to shape their own destiny in a way that they would have been perpetually denied under the authoritarian regime that existed previously. The Iraqi people know that they are better off, and I bend to their judgment on that matter. They are the ones who suffered under that regime.

There is one further point to be made about the withdrawal of British troops and its impact. Let me say a word of caution. No one in this country should believe that removing our troops from Iraq will in some way be a panacea for troop shortages in southern Afghanistan. Many people, including some commentators, seem to believe that a simple shift of British troops from Basra to Helmand is possible. However, for some very good military, logistical and welfare reasons, it is not as simple as that. Although reduced commitments in Iraq may relieve the overstretch of our forces to some extent, the key to alleviating the shortfall in manpower in the vital, if not existential, struggle for NATO in Afghanistan is for our European allies to contribute more troops and equipment to the fight in southern Afghanistan. As we have said so often in the House, it is not acceptable for all the countries to get the insurance policy when only a few are paying the premiums.

It is clear that our relationship with Iraq is changing and evolving, which is natural. That relationship can be viewed in a number of ways, as the Secretary of State said. It can be viewed as a commercial and economic relationship and as a military and political relationship. I want first to deal with the commercial and economic relationship, which the Secretary of State discussed. According to Iraqi Government officials, Iraq's budget surplus was $72 billion in 2008 and is forecast to be $90 billion in 2009, which is a change from what we are experiencing in the United Kingdom. Needless to say, a lot of money is being awarded in the form of lucrative contracts for the reconstruction of Iraq.

Considering the Secretary of State's previous incarnation in the Cabinet, I am compelled to ask where Britain plays a role in that process. When I visited Iraq recently, I was horrified to learn that the Department for Business, Enterprise and Regulatory Reform had a representative in the UK embassy in Baghdad until 2007, but that the post was cut in 2008 owing to "resource issues". How short-sighted can we get? Our lack of trade presence in Baghdad means that we may have shed blood for Iraq but stand little chance of benefiting from the contracts flowing from Iraq's fiscal surplus.

I found it rather pathetic that the FCO, the MOD and DFID were talking about pooling their budgets to get a trade representative in Baghdad because the Government would not fund one centrally, which was certainly the position at the end of last year. I am sure that when the Minister responds to this debate, the House will want an assurance that that is no longer the case, because it is unacceptable to hon. Members on both sides of the House.

There is a lot of potential for Iraq to become a regional financial and trading hub. We must do all that we can to help that become a reality, because, as the Secretary of State correctly said, a stable and prosperous Iraq is in all our interests. That is why we welcomed the Prime Minister's announcement about the formation of a Basra Development Commission in October 2007, with one of its goals being to

> "co-ordinate projects to strengthen Basra's position as an economic hub, including the development of Basra international airport and the renovation of the port."—[*Official Report*, 8 October 2007; Vol. 464, c. 24.]

The Prime Minister was referring to the port of Umm Qasr. I recently visited the airport, which is clearly ready for business. I also welcome the Secretary of State's announcement that the airport was transferred to Iraqi control, on time, on 1 January.

There are currently discussions about building a new deep-water port near Basra. Such a facility in the north of the Gulf could be the starting point for goods to be

[Dr. Fox]

moved overland by rail from Iraq to Europe via Turkey, offering an alternative to the Suez canal and the strait of Hormuz and reducing the overall time to transport goods to Europe, which would be a major strategic advantage for us in the west. There is also talk of creating an economic free zone around Basra like that found in Dubai. Those would be extremely welcome projects not only for the people of Iraq, but for the region and, I believe, for us. We need to know what the Government think they can do to ensure that those projects become a reality.

There is clearly a lot of reconstruction going on in Basra. When one visits it, it is not hard to imagine what a beautiful city it must have been and, almost by definition, could be again. There are plans to build a new bridge across the Shatt al-Arab waterway, which would drastically decongest the waterway and allow more shipping to get into the port. What are we doing to help all those projects? How is our expertise helping to make them a reality? I hope that the Minister will address those issues, because they will affect our future relationship with Iraq.

Turning to our military relationship with Iraq, I welcome the fact that the Government believe that, some day, our military relationship will be

> "similar to the normal relationships that our military have with other important countries in the region".

My right hon. and learned Friend the Member for Kensington and Chelsea (Sir Malcolm Rifkind) has referred to that point as well, which is something that we should be aiming for. Right now, the main effort of the British Army is to train the Iraqi 14th Division so that it can eventually act autonomously while conducting security operations.

But, as Britain's military role is transformed from being ground based to being maritime based, how will the status of forces agreement impact on our Royal Navy's ability to accomplish its mission of mentoring and training the Iraqi navy? I ask that because it is my understanding that the Australian Government have removed the Australian navy from Iraqi territorial waters—and, consequently, from coalition task force 158—over concerns about the status of forces agreement. There are differences between the UK-Iraq agreement and the agreement between Iraq and the United States. The UK's agreement gives Iraq far wider jurisdiction over UK service personnel, stating that they

> "shall be subject to the jurisdiction of Iraq with the exception of crimes committed by them while on duty which are not committed with intent or do not arise from gross negligence, and with the exception of those committed by them inside agreed facilities and military installations used by them, in which case they shall be subject to the jurisdiction of the country to which they belong."

The qualifiers relating to intent and gross negligence do not appear in the US agreement. There is also no mention in the UK agreement of the due process protections offered to US service personnel. The House and our armed forces must be completely reassured that our forces are not in any way compromised when it comes to their legal protection. This is important because the Royal Navy is doing an outstanding job in securing Iraqi oil platforms and increasing the capability of the Iraqi navy as part of CTF158.

Mr. Hutton: I am grateful to the hon. Gentleman for allowing me to intervene. He has raised some important questions, and it might be helpful if I briefly seek to answer them while I am here. In relation to the agreement, we have obviously acted in accordance with the clear advice that we received from the Chief of the Defence Staff and the service chiefs that the agreement was acceptable. There are differences between the UK and US agreements, which largely concern the different roles and missions of the UK and US forces. On the hon. Gentleman's point about the Royal Navy, let me reassure him that, while Royal Navy personnel are serving on board Royal Navy vessels and ships in the Gulf, those vessels and ships come under the definition of being a UK facility or base, and the personnel on them are not subject to any extent to Iraqi criminal jurisdiction.

Dr. Fox: I am grateful for that clarification. I imagine that the House and the Select Committee will want to consider that important issue in greater detail, and any further clarification that the Government can give us will be welcome.

I have mentioned the importance of the Royal Navy, because we tend to concentrate on what the Army has done in Iraq. All the senior American officers whom I recently met in the Gulf—and at the Pentagon last week—hold the Royal Navy in very high regard. In fact, Vice-Admiral Gortney, the commander of the US fifth fleet and the combined maritime forces, told me just a couple of weeks ago that the United Kingdom's minesweeping capability is the best in the world and that it is vital in ensuring that the mission in the Gulf succeeds. When comparing the British maritime presence in the Gulf with the American presence in the region, the proportion of UK involvement is a lot higher than our contribution to the ground forces in Iraq ever was. Furthermore, the deputy commander of the combined maritime forces in the region is British. Consequently, the Royal Navy has a great deal of influence over maritime operations, and we should be very proud of its achievements and its international status.

No one can be in any doubt that fairly grave mistakes were made in the early days of the war, including the failure to plan for an extended occupation, the extent of the de-Ba'athification, the disbanding of the Iraq military, and the ultimate empowering and arming of sectarian groups. We have an obligation to learn from any mistakes made in the run-up to the Iraq war, the war itself and the post-war period, which can be accomplished only by holding an inquiry. In the US, several inquiries have been conducted, including the Baker-Hamilton study, and these have helped to improve US policy. Since the present Prime Minister took over from Tony Blair, the Government have announced at least 50 separate reviews of different areas of policy. Why is it possible to conduct reviews of those areas but not of the conduct of the Iraq war?

We know that all but around 400 British troops will be home by July, and that the ones left in Iraq will have a fundamentally different mission. Surely the Government could have announced a timetable for the creation of the full-scale Privy Council inquiry that the Conservatives have called for. That they have not done so does not reflect well on their moral authority in those areas. It is almost six years since the war began, and it is vital that the process is started now before memories begin to fade, if we are to learn the appropriate lessons.

I have talked about the strategic relationship between Britain and Iraq. However, as with all things in the middle east, it is important that we see such a relationship in regional terms. Let me offer just one example of how a matter, which, at first glance, appears to be an internal Iraqi matter, can have regional implications. The upcoming provincial elections in a few weeks' time will be of the utmost importance. Not only will they be important in measuring progress inside Iraq's democratic institutions, but they will also have an impact on the broader region, especially where there is a Kurdish population.

In particular, it will be worth watching the election results in Ninawa province, where, in January 2005, the Kurds won a huge proportion of the vote—about 65 per cent.—because the majority Sunni Arab population boycotted the elections. If the Sunnis come out and vote in force this time and the Kurds lose power, there could be implications around the Iraqi Kurdish region. The worst-case scenario is that any unrest within the Kurdish population in Iraq will spill over into the Kurdish populations in Turkey, Iran or Syria, which is, of course, the last thing that the region needs.

The success of the forthcoming elections will be measured by three factors, namely the level of violence or non-violence during the election process, voter turnout and the willingness of all concerned to accept the results. In any system, it is often not the first set of elections that are problematic but the subsequent ones, in which there might be a change in power. The House must say with one voice that we must take every opportunity to impress on the Iraqi Government the need to make a reality of the religious tolerance that is written into the Iraqi constitution.

Mr. Ellwood: My hon. Friend is making a powerful argument. When I visited Iraq last year, members of the Government made it clear that they were deliberately delaying local elections because of concerns that polarisation might take place once the elections had been conducted and that a flare-up in ethnic tensions might result. It is therefore surprising that we have decided to leave Iraq so soon, when such a monumental event is about to take place.

Dr. Fox: As I think that I have made clear, it is a matter for the Iraqi Government, as they increasingly take control of their economic, military and political processes, to determine whether we should become involved at any particular place or time. They clearly feel that they have the internal security apparatus to deal with the undoubted problems that will exist as a result of the tensions inherent in their political system when the elections take place at the end of the month. All that we can hope is that they have made the correct judgment, and time will tell whether that is the case.

There will also be a regional impact in respect of Iraq's own increasing military capability. The Iraqi army is now at 203,000 personnel and has a current growth ceiling of some 300,000. The Iraqi military is currently purchasing hundreds of American M1A1 main battle tanks and a number of C-130s, and there is the possibility of procuring American F-16 fighter jets. Obviously, those purchases make some of the neighbours nervous.

It seemed early on that the procurement process in Iraq itself was quite chaotic—the Ministry of Defence is not alone—and that the hardware was being bought without due thought to training and support. I think that that is now being ironed out and that most observers feel that under American advice, some of those processes are being smoothed out. Perhaps it is just a lesson to those in Iraq that they do not want to run before they can walk, and that they should listen to the advice offered without regarding it as interference from outside. That advice is well meaning, because, having made so many sacrifices, the US and the UK want Iraq to succeed and do not want to interfere in how it does things.

A strong Iraq is in all our interests, and a large and capable Iraqi army can contribute in many ways to a regional balance, especially towards Iran. Conversely, we must understand the impact that a large Iraqi military has on its neighbours such as Kuwait, which has shown mixed feelings towards the al-Maliki Government. If we simply look at a snapshot of Iraq's regional relations, we can see the difficult road that lies ahead for Baghdad. Although Prime Minister Al-Sabah recently visited Iraq, Kuwait is naturally cautious about Baghdad's motives, and there are still concerns over unpaid debts.

Iraq and Iran have poor relations, although Iran was the first country in the region, if not the world, to set up an embassy in Baghdad after the 2003 invasion. The issue remains of Tehran attempting to maximise its influence with Shi'a members of the Iraqi Government and Shi'a-dominated regions, which our forces have seen with deadly consequences in the south, as my hon. Friend the Member for Bournemouth, East (Mr. Ellwood) has mentioned.

Iraqi-Syrian relations are only a little better. Iraq accuses Syria of not doing enough to stop the flow of militants, while there is also concern about the large number of senior-ranking Ba'athists who fled Iraq in 2003 and who are currently resident in Syria. These tensions need to be defused over time, but perhaps the most urgent need is for an improved relationship between Iraq and Saudi Arabia. The Saudi Government have yet to send an ambassador to Baghdad. That is unfortunate, as it leaves the Iranian influence unbalanced. It would be to the benefit of all if the Saudis, as a regional leader, were to have a stronger diplomatic presence in Iraq.

Iraq and Jordan enjoy good relations. King Abdullah was the first Arab Head of State to visit Iraq since the 2003 invasion, and Jordan receives cheap oil from Iraq. The main concern is the status of Iraqi refugees, but that issue is capable of resolution. Iraq's relationship with Turkey is a pivotal one. Turkey has been a very constructive and helpful partner in the development of the new Iraq, for which the international community should give it greater credit.

There is, however, one problem about the forthcoming elections, to which my hon. Friend the Member for Bournemouth, East has alluded. There will be a temptation for the Iraqi Government to play the "Arab-identity card" in those elections, which might attract Sunni voters and diminish the support that al-Qaeda still seems to have in parts of the north. However, it would be extremely unfortunate if Sunni-Shi'a tensions were to be replaced by Arab-Kurd tensions. Any destabilisation

[Dr. Fox]

of the Kurds is likely to have a negative effect on Iraq's neighbours, particularly Turkey, which would be destabilising for the region and strategically bad for all of us.

Finally, whatever mistakes were made in the early part of the war in Iraq, the decision to surge American forces was brave and effective. As we look to Afghanistan, we need to understand why the surge in Iraq worked. More forces enabled a change in the strategic approach, where forces moved off their forward operating bases to give security to the population where they lived. There was also an Iraqi surge with a huge increase in security forces to hold areas once they had been cleared of insurgency and militias. There were consequently no safe havens for insurgents, who were relentlessly pursued throughout Iraq. Support was given for the tribal uprising against al-Qaeda in Iraq, and the political mission to separate the "reconcilables" from the "irreconcilables" under General Petraeus was absolutely key. The Iraqi Government showed that they had the will and the ability to deal with the Shi'ite militias—possibly the single most important event since 2003—and their more open and honest engagement with the media has greatly helped, too.

All those things have helped to contribute to a more stable and secure Iraq. A stable, secure and prosperous unified state is in all our interests. Nothing, however, can be taken for granted. Progress has been made, but the situation remains fragile and therefore reversible, which requires all the help that we can give.

2.36 pm

Dr. Kim Howells (Pontypridd) (Lab): I thank my right hon. Friend the Secretary of State for a fine speech, which reminded us how a democratic and prosperous Iraq can become a source of stability and good sense in a region cursed by instability and the lack of sustainable democracy. I also thank the hon. Member for Woodspring (Dr. Fox) for his fine speech, highlighting a number of issues that I, too, hope to deal with briefly.

As the hon. Gentleman reminded us, Iraq has a long way to go to attain stability and prosperity. He mentioned the problem of the forthcoming elections, especially those that will eventually happen in Kirkuk. For a long time, that whole region has been particularly cursed by attempts at ethnic cleansing by resettlement under the Saddam regime and all manner of evils. There is also the wider problem of reconstructing proper and peaceful relationships that should obtain between Sunni, Shi'a, Kurds and Christians. We have heard very little today about the Christian community in Iraq, which has suffered greatly in recent years. It is good to know that the subject is now being openly debated in the Iraqi media. I think that we should welcome that, but none the less keep a very close eye on the issue, as we should be very concerned about it. As I say, the disputed lands around Kirkuk remain a particular problem. I welcome the huge amount of diplomatic energy going into the task of resolving the issues of ethnicity, property, language and, most importantly, the administrative demarcation in that area.

I would like to deal briefly with the developing economy of Iraq, as I believe that many of the problems faced in the great cities of Iraq—Baghdad, Basra, Mosul, Kirkuk and Irbil—are a consequence of the chronic high levels of unemployment. As I have heard many times and as we should remind ourselves, it is often said in the middle east that the Egyptians write the books, the Lebanese publish them and the Iraqis read them. That is a coded way of saying that the Iraqi people are among the most talented in the middle east, and we should never forget that. The Iraqi diaspora has been a consequence of a series of dreadful Governments and dictators; it has resulted in Iraqi doctors, surgeons, scientists, engineers, architects and a whole host of professionals moving all around the world—living proof that Saddam's regime resulted not only in the murder and torture of tens of thousands of his own citizens, but in the stunting and destruction of the huge potential of the country's talented people, whether they be Shi'a, Sunni, Kurd, Christian or people of no religion.

You do not have to be a scientist, Mr. Deputy Speaker, to realise that the most obvious and probably the easiest way to kick-start the economy is to help the Iraqis to reconstruct their oil and gas industries. We heard from my right hon. Friend the Secretary of State and the hon. Member for Woodspring about the size of those reserves, and in a little while I will talk briefly about the nature of them. I saw on a number of visits to the south, the centre and the north of Iraq how its oil and gas industries were run down and pillaged by a combination of Saddam Hussein's corrupt regime and collaborators such as President Chirac's France, which grew fat on busting the sanctions imposed by the UN and from the disastrous and even more corrupt oil-for-food programme.

People tend to forget that the duplicitous and lying statements of the Chirac regime in the run-up to the invasion of Iraq were designed to protect the disgraceful but enormously profitable relationship that he had built up with Saddam Hussein over the previous 20 years. Most disgraceful were the brazen sanctions-busting scams that France was part of, making itself and Saddam richer, and allowing Saddam to fund his appalling brutal regime.

My right hon. Friend the Member for Cynon Valley (Ann Clwyd) is regarded as a queen of Kurdistan; I have heard her described as that myself. She knows full well what those sanctions did—not the sanctions themselves, but the way in which regimes such as Chirac's, corrupt as they were, colluded with Saddam to destroy, for example, much of the Iraqi agricultural economy. I was in Irbil quite recently and saw and heard for myself how people will not go back to working on the land because they are used to getting their boxes of food every week. That continues to this day, and a huge part of one of the most fertile places on the face of the earth lies fallow as a consequence. Yet I heard opponents of the war at the time say, "No, no. Sanctions are the proper way forward", when sanctions were being busted, when people were making fortunes out of them and when, most important of all, the Iraqi people were being destroyed by them.

We should learn from that. It is very important. People have called for inquiries, and we have had inquiries and will have an inquiry in the future. The most important thing that we should learn from that is why we have dual standards and hear people say, "It was quite wrong to remove Saddam Hussein, but we should be thinking about removing Robert Mugabe or intervening militarily in Darfur or the Congo." It is interesting. I am not quite sure what gives rise to it. I suspect that it is something to do with anti-Americanism. There seems to be a rabid belief that anything that is led by the Americans must therefore be wrong. It amazes me how often I hear that stuff.

The barmiest of the criticisms are the ones that say that we invaded Iraq for its oil. If we wanted to get Iraqi oil, we could have done exactly as the French, Germans and so many others did. We could have done deals with Saddam Hussein that would have got us that oil and got it cheap, but we did not. We faced up to what was a very, very difficult decision. I watched carefully at that time how the Security Council was manipulated by France, Russia and China. They did not want to upset their cosy relationship with Saddam Hussein; they were making too much money out of it.

The French wanted to build nuclear reactors, and indeed did build two. Someone properly said—I am not sure who; it might have been the hon. Member for Woodspring—that the war did not start with that invasion of Iraq, but much earlier. We should never forgot that, because it is very important. I know that the nationalists, who have left their seats, have a penchant for supporting dictators. They say, "Who supported Saddam Hussein in the early days?", as if that is an excuse for not doing something about him when he is murdering his own citizens. I am not sure that we have really learned those lessons, and we need to. Tens of thousands of Kurds, Shi'ites and other enemies of Saddam were raped, murdered and tortured by a regime that had been courted and armed by France and, I have to say, by Governments in this country in the past because Iraq was seen as a strategic counterbalance to Iran and Shi'ite nationalism. Those are very dangerous games to play.

I was glad to hear the Front-Bench spokesmen on both sides of the House say that the way forward is to help the Iraqis to reconstruct their industry so that the area is one of prosperity and stability. That is what we have to do. Both opening statements were tremendous in the way in which they spoke of some of the schemes that are up and running. We did not talk about the work that the British Army did in and around Basra. The great date plantations and the reconstruction of Basra's water supply system were tremendous achievements, set up and built under very difficult circumstances.

I know from personal experience how difficult things are in Iraq and Afghanistan. It is easy to say that we can send our aid agencies there to work, but they can only do that if they are secure—if our young people are not murdered when they try to reconstruct water supply systems, agricultural canals and so on. I was glad that there were no facile statements about that.

It is a bit rich when people come out and say, "Saddam Hussein was only one of a number of dictators. Why pick on him?" I was brought up to believe that wherever there were dictators, we should try to drag them down and help wherever we can to liberate people who are suppressed by tyrants. I hope that as a country we will consider how we might be able to do that better. I will tell you how we will not do it: on our own.

I notice that in Hillary Clinton's appearance before the Senate Committee on Foreign Relations yesterday she said:

> "Now, in 2009, the clear lesson of the last twenty years is that we must both combat the threats and seize the opportunities of our interdependence"

with other countries,

> "and to be effective in doing so we must build a world with more partners and fewer adversaries. America cannot solve the most pressing problems on our own, and the world cannot solve them without America. The best way to advance America's interest in reducing global threats and seizing global opportunities is to design and implement global solutions. This isn't a philosophical point. This is our reality."

I am glad to hear that. It is very true and reflects what both Front-Bench spokesmen said. We have to do this work in partnership with other countries. We have to recognise who can help us. Most importantly of all, we have to recognise that the people who are going to change Iraq most fundamentally are going to be Iraqis themselves.

Meg Munn: I am listening carefully to my hon. Friend. How important does he see the development of democracy in Iraq so that it becomes a genuine and stable democracy, not just in terms of the Iraqi people, which is of course enormously important, but in terms of the region as a whole?

Dr. Howells: My right hon. Friend the Secretary of State for Defence made that clear, as did the hon. Member for Woodspring. Without democracy in Iraq, I cannot see how the middle east can possibly look forward to any stability and any sustainable prosperity. Democracy is enormously important. What I found most dismaying—it did not matter where I went in that region—was that as often as not 50 per cent. of the population were not contributing to the economy in any obvious way. Of course, the women were supporting their men at home, but they were not being liberated—their aspirations were not being allowed to be seized and turned into reality. They do not have a democracy that allows it to happen. Democracy is an incredibly important element. I believe that if we help to argue the case for democracy in the region in whatever way we can, it will happen.

I have no doubt that the nations of Iran, Iraq, Syria, Jordan and Saudi Arabia—and all the other nations in the region—want democracy. People want democracy, but they will have to design their own democracy: it cannot be imposed, as is obvious from what has happened over the last four or five years. They will work out their own models for democracy, but they need to do so very quickly, because they need to be able to tap the potential of all their people. That is how we will bring about peace and prosperity.

Harry Cohen: If a future Iranian Government, with the support of the Iranian people, wanted to renationalise their oil industry and resources, would they be allowed to do so?

Dr. Howells: I am pretty certain that the British Government have no say in what Tehran does. I only wish that we did, because we might be able to stop Tehran murdering people because they happen to be homosexuals.

Harry Cohen: What about the Iraqi Government?

Dr. Howells: The Iraqi Government will decide for themselves what they want to do with their oil industry, and quite properly so. If they need the expertise which, in my view, they do need in order to start tapping great oilfields such as the north and south Rumaylah fields, which are some of the most benign oil-bearing structures

[Dr. Howells]

in the world, and if they are to repair the appalling damage done by the racketeers of Saddam Hussein and Jacques Chirac to those structures in order to rip easy money out of them, they will need the BPs of this world. They will need Esso. They will need companies that know how to do those things. The fact that the oilfields happen to be owned by a state Government does not mean that the necessary expertise is in place, and it is doctrinaire madness to say that the expertise of those companies should not be brought in. That is not the way to rebuild the oil and gas industries in Iraq; and they need to be rebuilt, because that is how we will get people back to work in cities such as Basra.

It is clear to me that the people of Basra themselves understand that, after the sacrifice of many lives—the lives of British soldiers, American soldiers and, most important, Iraqi soldiers—they now have within their grasp the opportunity to express themselves as entrepreneurs, as they have done in the past. Basra was always regarded as one of the places to which people wanted to go in the Gulf, and it will become that again. All the small businesses that are springing up in Basra will grow and sustain the economy of Basra and its great surrounding region. I am confident that Basra will again become the great entrepôt of the whole region, not just Iraq, and that the communication spine that runs through Iraq up to Irbil and the cities of the Kurdish-administered area will become the gateway to that part of the middle east. That, I believe, will bring prosperity and peace to the region—and God knows, it needs them.

2.53 pm

Mr. Edward Davey (Kingston and Surbiton) (LD): The hon. Member for Pontypridd (Dr. Howells) has made a powerful speech, and he will be surprised to learn that I agreed with quite a bit of it. I particularly agreed with his point about the talents of the Iraqi people.

My constituency contains a number of Iraqis who came to this country fleeing both the tyranny of Saddam and the chaos of Iraq since the Kurdish-run forces invaded. One Iraqi asylum seeker came to my surgery one Saturday morning during the foot and mouth problems that we experienced some time ago, before the Iraqi war. He greeted me with the words "Mr. Davey, I do not seek your help; I want to help you." Of course, as a Liberal Democrat I thought that he wanted to deliver leaflets, but no; he wanted to help with foot and mouth disease, because he was a trained vet. Iraq had had foot and mouth disease as well, and he said that he had diagnosed and treated it and carried out vaccinations.

Although it was a Saturday morning, I immediately rang the then Ministry of Agriculture, Fisheries and Food, which, as the hon. Member for Pontypridd will remember, was on a 24/7 footing. I managed to contact one of the people responsible for recruiting vets to help with the problem. I said, "I have a vet here who has seen foot and mouth and wants to help." The official asked, "Is he a member of the Royal College of Veterinary Surgeons?" I said, "Probably not." When I asked what was the key issue, the official said, "We have to make sure that his English is good." My constituent had seemed to communicate very well with me. I told the official that I did not think sheep or cows spoke English, and that MAFF was taking a rather silly approach.

I have told that story to illustrate the fact that we sometimes do not use people's talents—whether they are from Iraq or from other countries—because of our shameless bureaucracy. We should bear in mind the need to maximise the talents of people from around the world.

I parted company with the hon. Gentleman on what I considered to be his inaccurate analysis of the way in which we should deal with dictators. I share his view that we should wish to see the demise of all dictators, and to promote and enhance democratic forces throughout the world, but I do not agree that we should act against international law in doing so. I believe that if we take measures to get rid of dictators and promote democracy, we should do so within what I concede is the imperfect framework of international law. That is one of the many reasons for the Liberal Democrats' concern about the invasion of Iraq.

As we move forward in the 21st century, we must develop international law. I think that the notion of the responsibility to protect that was signed up to by the United Nations in 2005 represents an important advance in international law, and that we should work hard on that so that we can take the necessary measures. However, I do not think that in 2003 we were right to anticipate legal developments and go against international law. Our action put us outside the law, which is why so many people opposed it and why it was ultimately so wrong.

Dr. Fox: Let me ask the hon. Gentleman a simple question. Are the people of Iraq better off without Saddam Hussein?

Mr. Davey: Of course I think that they are better off. However, although I listened to what the hon. Gentleman said and will make one or two points about it shortly, it is clear from the opinion polls that I have seen—conducted by American academic institutions that study opinion in Iraq—that there is no homogeneous view that everything is rosier, and that the coalition troops are welcome in Iraq. Far from it: according to the latest analysis of opinion by the Brookings Institution, nearly three quarters of Iraqis oppose the presence of coalition troops. I think that the hon. Gentleman should be a little more cautious in his own analysis.

Unusually—because I respect the way in which the hon. Gentleman approaches this issue—I did not think that much of what he said carried any force. I think that he underestimated the costs of the Iraq war, not in terms of finance or lives but in terms of the historic failure that it was and the historic legacy that it will leave: the damage that it has done to this country's reputation and the moral leadership of America—which is so important in the world—and indeed to the cohesion of the world, in such difficult times as those that we are experiencing now.

When the hon. Gentleman talked of whether it had been right to go to war in Iraq, he failed to remind the House of the reasons that we were given for the war. In debates such as this, it is essential that we do not try to rewrite history. Too many victors in the past have had the privilege of rewriting history, but we must not do that in an open democracy. I pay tribute to the Secretary of State, for at least he did not try to do it. We were told by Tony Blair that if Saddam Hussein was to give up his weapons of mass destruction, he could stay. This was absolutely not about regime change. Let us remember that before we get on our high horse and become too self-righteous about the way in which we voted in the debate on the issue.

Mr. Andrew Pelling (Croydon, Central) (Ind): The hon. Gentleman has made a major point. Does he agree that members of the Christian community, people whose relatives have been killed recently in outrages in Mosul and those living in Jordan or Syria after being chased out of Iraq in recent months would not necessarily see the invasion as a success in any event?

Mr. Davey: I entirely agree. I am not sure that the Christians who have received such appalling treatment, the 4.7 million refugees and the families who have seen loved ones killed are all that happy about the invasion. They may have wished to see the back of Saddam, but they probably did not want to see it at the cost of the huge loss of human lives and the misery that has been caused.

I want to make it clear that the Liberal Democrats agree with what the Secretary of State said about the role and expertise of the British armed forces. We completely agree that the British armed forces have done a fantastic job; whether or not we agree with the Iraq war, we can put aside such disagreements in acknowledging how fantastic and world-leading our troops have been in the way they have gone about their security tasks and helped to rebuild Iraq.

We part company with the Secretary of State's on some of his analysis, however. On the future of Iraq, as well as its current state and what happened in the past, I want to urge a note of caution that comes not from my own analysis but from reading some of the analysis done by General Petraeus, and in particular the update on Iraq that he gave to Congress and the President in October last year. There are many risks ahead of us that the Secretary of State did not bring out. I understand why, but it is very important that in looking ahead we are not complacent. Although the Liberal Democrats strongly support the decision on the withdrawal of the troops and wish it had come sooner, there were always going to be risks when the troops were being withdrawn and directly afterwards.

Mr. Arbuthnot: Does the hon. Gentleman believe that the naval troops should be withdrawn?

Mr. Davey: If the right hon. Gentleman is talking about the slightly fewer than 400 troops who will remain after 31 July to help to train the Iraqi army, the answer is no, I do not think they should be withdrawn. As he well knows, they are training for an essential purpose in respect of the waterways, which are very important for international shipping. It is my understanding that they will be there with the full agreement of the Iraqi Government for that very purpose.

Mr. Arbuthnot: That is indeed correct, but what then is the difference between them and the Army troops who have been there training the Iraqi army with the consent of the Iraqi Defence Ministry?

Mr. Davey: I think we need to be a bit careful about how we interpret why certain people have been there. I did not agree with a lot of what the Secretary of State said about the pull-out of troops from Basra to Basra airport. That is of relevance to the point made by the right hon. Member for North-East Hampshire (Mr. Arbuthnot). I think his Conservative colleagues agree that that was a UK political decision, and that it was not, perhaps, supported by the generals or the Iraqi Government. Indeed, colleagues of mine who have gone to Iraq and talked to Prime Minister al-Maliki and others get the impression that the Iraqis were never terribly keen on how we behaved at that point. Many people feel that either we should have been all-in and doing the job properly or we should have withdrawn many months ago. That is a consistent position, but I think the UK approach to our troops being there over the past 12 to 24 months has been completely wrong and the worst of all possible worlds.

In respect of the withdrawal, it is quite possible that the security situation will significantly worsen; the ethnic rivalry might escalate. The hon. Member for Woodspring (Dr. Fox) rightly warned us about the possibility of Arab-Kurd tensions, as well as of Sunni-Shi'a tensions and, indeed, intra-Shi'a clashes breaking out again. It is also not absolutely clear that the extremists—be they al-Qaeda, some of the Sunni militias or others—will not revive, and that Iran or other states will not try to foment trouble. Tensions are bound to occur when all the displaced families return, too; millions of refugees will come back, and that is bound to cause tensions and, potentially, violence. As I have said, these are the concerns of General Petraeus; they are not simply made up by those on the Liberal Democrat Benches.

That is why I would like to ask the Secretary of State the following questions—he did not allow me to intervene on this matter, although he was generous in allowing interventions—and I hope that his ministerial colleague will respond to them at the end of the debate. What assessment have the Government made of the dangers of unrest when the troops are withdrawn? What is the Government's assessment of the strengths of the militias? From looking at recent history, it is not clear to me that it is the success of either the coalition forces or the Iraqi security forces that has led to the downturn in the violence. It may well be down to strategic political decisions by the militias—particularly the Mahdi army, but also others—not to take to the streets at this moment. I know there is no certainty on this and it is a difficult question to answer, but this is clearly a critical decision for the months ahead, and I hope Ministers can give some indication of the Government's thinking on it.

Jo Swinson (East Dunbartonshire) (LD): In the context of the uncertain security situation as our troops come home, may I ask Members to remember the families and friends of the five British hostages who have been held in Iraq since May 2007, who do not know when their loved ones are coming home? At this time, the Government must make it a top priority to use every available opportunity and make every possible effort to secure their release.

Mr. Davey: I am grateful to my hon. Friend for her intervention. I know that she has been working tirelessly on behalf of the relatives of her constituents who are in Iraq. I hope that Ministers can give her some reassurance later in the debate.

[Mr. Davey]

There are other uncertainties ahead, as well as those on security. There is uncertainty about the fragile state of Iraqi democracy. One hopes that this month's provincial elections will go well, but what will happen next December with the more important parliamentary elections? Will any Iraqi Government be able to meet either the needs or the expectations of the population? Yes, any such Government will have the oil wealth, which is obviously a great benefit to them, and they will have the strong educational standards of the people of Iraq, but will they be able to recover from the situation they will be taking over? Will the provincial and regional powers all work with the central Government, especially on matters such as oil and ore revenues?

I list these problems for the Secretary of State, not to challenge the case for withdrawal—quite the reverse, in fact—but because the majority of them were entirely predictable before the invasion of 2003. These risks—these storm clouds, as General Petraeus characterised them to Congress—would have been apparent to anyone deciding to intervene in Iraq both from the history of Iraq and from the nature of the appalling regime of Saddam Hussein. The uncertainties and problems we now face were totally predictable, therefore. I concede that the Government and the US forces have tried to minimise these risks. They have put in place a number of measures that we Liberal Democrats argued for, such as the training of security forces and economic development, but although good efforts have been made to minimise the risks, the risks are still there—they are inherent. Although we fervently hope that they can be dealt with and there will be successful outcomes, we must be realistic.

That is crucial in terms of the first months of President-elect Obama's strategies. I think he will face real pressures within America. I think there are people in the Pentagon who may well want the withdrawal to be rather more phased—indeed, to be conditional on what is happening on the ground. There are certainly some noises coming from the Pentagon to the effect that its assessment is much narrower than the wider political assessment that Obama's team is making. One can understand that generals are reluctant to cede hard-won territory, especially when in their judgment the Iraqi army may not be ready, but they will have to do so if we are to allow—require, almost—the Iraqi authorities to take responsibility. There are huge dilemmas and risks in that transition, and we need to face up to that in our debates. Liberal Democrats believe that President-elect Obama is right to see that there are more risks in staying on and not withdrawing, but he will need—and deserve—Britain's support when the going gets tough in Iraq over the coming months. He is right to want to bring the US troops home faster than others in America want, and when the difficulties arise I hope that Members in all parts of this House will give the new President support. The erstwhile coalition's prime role now should be non-military support, and again I agree with the hon. Member for Woodspring. When a large contingent of our troops has left, we will still have responsibilities and we will still need to support democratic forces in Iraq and the rebuilding of its society and economy.

Mr. Angus MacNeil (Na h-Eileanan an Iar) (SNP): I am listening carefully to the hon. Gentleman. Does he agree that President-elect Obama need not worry about the support of this House, because for the past six years our policy has been "the American President, right or wrong"?

Mr. Davey: In one way, I hope that the hon. Gentleman's assessment is right. There are some hon. Members whose support for the Iraq war comes from the neo-conservative ideology that led us into it but who may disagree with his timetable. When Liberal Democrat Members, and some of the nationalist parties, argued for a timetable for withdrawal, we were criticised by the Government and Conservative Members but, unsurprisingly, they have had to come round to our view.

Mr. MacNeil: Something else that we share with Barack Obama is our outright opposition to the Iraq war from the outset, which Labour and Conservative Members did not share.

Mr. Davey: I am grateful for that intervention. I am sure that hon. Members are aware of that.

We hope that Iraq will have the rosy future that the Secretary of State outlined, but we must be slightly less Panglossian about what is happening in Iraq today. To be fair, the Secretary of State admitted that many people are still dying. Hundreds died last year in bombings carried out not just by terrorists and al-Qaeda but by resistance forces in Iraq. The Americans refer to an irreducible minimum of casualties, and of awaiting a political accommodation, which we hope will happen. We hope that Iraq's security forces will perform ever more effectively, but the truth is that the security situation is still extremely fragile, and many polls suggest that in four of the main provinces many people believe that the security situation is worse than it was before 2003.

The hon. Member for Pontypridd mentioned the economy and concern about the high level of unemployment. He is absolutely right; it is a huge drain on Iraq's society and economy. In many ways, this is a bad time for the Iraqi economy to have to get its act together, because of the world downturn. As the price of oil is now much lower, the previous boost no longer exists. We must consider how to support Iraq's economy.

I take issue with the Secretary of State on the basic utilities in Iraq. Before the war, people in Baghdad enjoyed electricity for 16 or 24 hours a day but, according to the Brookings Institution, they now have it for only 14 hours a day. There is a huge amount of work to do just to get back to pre-war-levels of electricity in Baghdad. I am happy to admit that the supply in the rest of the country is now better than before the invasion, but in Baghdad there are still huge problems.

The same applies to other things. There is still a shortage of food in various parts of Iraq, 40 per cent. of the population does not have good access to clean water, and 30 per cent. does not have access to good health services. Before the war, there were more than 34,000 doctors, but 20,000 have left and 2,000 have been murdered. The health service in Iraq today is in an abysmal state. Let us be clear that although withdrawal is right, we will leave a country that is worse off in many ways than when we entered it, and that is before discussing refugees and so on.

On the cost of the war, and therefore the need for an inquiry, I was disappointed that the Secretary of State was yet again unwilling to give the number of people who have been killed since 2003. He said that that is not the Government's responsibility, but there are many sources for such figures. As we try to learn the lessons, we must understand the sheer scale of the human cost. I also want to dwell on the cost to the British military, not just the lives lost but the wounded and those who will be left scarred for the rest of their lives, and the impact on their families. Charities such as Combat Stress, which are looking after almost 3,500 veterans of Iraq and Afghanistan, report that ex-troops, who previously waited 13 years before asking for help, are doing so after just 11 months because of the stress and trauma that they have suffered. The suffering among our veterans is huge, and I hope that the Secretary of State will say more about what the Government are doing to redouble their efforts to help our troops.

The hon. Member for Woodspring told us about the financial cost, which has been more than £6.5 billion, and is still £4 million a day. Will the Secretary of State comment on Professor Stiglitz's estimates? He examined the cost to US taxpayers and came up with a figure of $3 trillion. Estimates for the UK, not just of money paid out for the war and its aftermath, but of the social and economic cost of dealing with veterans and providing future support for Iraq, are up to £20 billion. Will the Secretary of State say whether that figure of £20 billion is valid, because my reading of Professor Stiglitz's report suggests that it was based on sound economic analysis? He is, after all, an economics professor of real standing.

Mr. MacNeil: The Stiglitz figure of $3 trillion represents 30 per cent. of the US national debt for a foreign policy adventure by neo-conservatives. At a time of a credit crunch, we can see the folly of that adventure undertaken in 2003.

Mr. Davey: The hon. Gentleman will expect me to agree with him yet again.

The cost of the war will rightly be audited in terms of lives lost, the impact on families and the actual money spent, but—I think the hon. Member for Woodspring got this wrong—it must also be audited in terms of this country's foreign policy objectives and our influence going forward. As my hon. Friend the Member for West Aberdeenshire and Kincardine (Sir Robert Smith) said in an intervention on the hon. Member for Woodspring, the cost in Afghanistan alone has been huge, and the military overstretch means that we have been unable to be as effective in Afghanistan as we could have been.

There has also been an impact throughout the middle east, including Iran. Hon. Members on both sides of the House are rightly worried about Iran and how emboldened it has become, but I submit that without the Iraq war, Iran would be far weaker than it is today and be far less able to throw its weight around. It is rubbing its hands in glee about how power has shifted across the middle east. Tony Blair promised us that with the war would come a major effort to obtain a middle east peace settlement. He said that time and again from the Dispatch Box. Nearly six years on, what do we have? We have seen little progress. Mr. Blair's great friend, President Bush, turned his attention to a peace process in the middle east only in the final year of his presidency—so much for the promises that we were given in this House by Prime Minister Blair. That has been a massive failure in foreign policy.

One hopes that the Annapolis process will not be completely damaged by the appalling situation in Gaza. When I went to Israel last November, I heard that there had been some progress with the peace talks. I am happy to acknowledge that. However, it has taken some time and the development is still very fragile.

Let us look at the impact on terror and on terrorist movements across the world. In an exchange with the Secretary of State—again, he was unfortunately unable to answer me—I made the point that the Government were warned at the time that if they went into Iraq that would feed international terrorism. I think that it is a fairly objective judgment to say that world terrorism has been strengthened by the war in Iraq. I deeply regret that. It was a huge mistake that has fed jihadists around the world and is still a huge weapon to them in recruiting people to their cause.

The most ironic factor is the cost to our relationship with the United States. If there was one secret justification for what happened, it was Tony Blair's desire to stand shoulder to shoulder with President Bush. He wanted this country to be friendly and powerful, cementing the special relationship. Now we have a President-elect who was against the war and who described it as a "dumb war". That is one of the major lessons that we should learn: Presidents of America change and politics change. Yes, the Americans are our friends. They should be our greatest friends. We share so much with them and we share their values, but the true friend speaks candidly, is frank and tells the truth. Our failure to be honest and truthful with President Bush has not strengthened our relationship, but undermined it. What I fear most is that President Obama will look at this country and say, "I'm afraid you made the wrong judgment. You could have helped to stop this war or have prevented it in the first place, but you failed to do that." That means that we are not in a strong position with the new President, and I deeply regret that.

There are many other costs that I could talk about, such as the impact on security in this country with respect to Muslim communities and the damage done to British politics by the way the Labour and Conservative parties seem to ignore public opinion. However, I want to conclude by making the case for an inquiry. The Government have said that there will be an inquiry, but their refusals to say when it will happen or what the criteria will be for setting it up do them no credit whatsoever. It is time that the Government came clean about when an inquiry will be held. The Secretary of State's failure to say even what level of troops we need to have left in Iraq before an inquiry will be triggered is quite shocking. I hope that he will go back to the Prime Minister and say, "Parliament wants to know when an inquiry will be set up." Until we get an answer, we will continue to harry him and his colleagues in this House.

3.23 pm

Ann Clwyd (Cynon Valley) (Lab): I found the speeches made by the two Front Benchers to be very comprehensive and fair, and I want to congratulate them both. I also want to congratulate my neighbour, my hon. Friend the Member for Pontypridd (Dr. Howells). He has been liberated by coming to the Back Benches; he might not think so, but I believe that he has. He has been trenchant and passionate in his views for as long as I have known

[Ann Clwyd]

him, but he was somewhat constrained during his period on the Front Bench. I look forward to hearing many more speeches from him.

I want to pay tribute not only to our military, who have done a tremendous job in Iraq, and to the American military, but to all the officials who have had to go Iraq as part of their job. Many have volunteered to go back to Iraq for a second or third time. They have been very brave, because things have been difficult since 2003. It has been dangerous and risky and the officials from all the Departments involved have done and continue to do an excellent job in Iraq.

I have obviously been involved for a very long time and I have visited Iraq 18 times since 2003, when I was made the special envoy on human rights in Iraq by the then Prime Minister. I continue to be the special envoy and to visit Iraq regularly. I want to set out my views on the situation in Iraq now. Whether we were for or against the war, we all have to move on. We need to look at the best ways—

Mr. MacNeil: Will the right hon. Lady give way?

Ann Clwyd: May I finish the sentence? We need to look at the best ways of helping the people of Iraq rather than continually harking back to the past. I, too, would like to go back to the past at various times, and to as far back as 1988. We remember well what happened at that time, and when we have an inquiry, perhaps those circumstances might also be considered, including the bad policy decisions that were made then to support the regime of Saddam Hussein.

Mr. MacNeil: The right hon. Lady just talked about moving on, but does she think that we should move on without an inquiry? Surely we need an inquiry into the war and into the reasons given to us for the war.

Ann Clwyd: It has been made clear by everybody concerned on the Government Benches that there will be an inquiry.

Mr. MacNeil: When?

Ann Clwyd: The Prime Minister has also answered that question. Perhaps the hon. Gentleman has not been in the House very often, but the Prime Minister has answered that question several times. As soon as our troops are totally withdrawn, there will be an inquiry. I do not think that there is an issue, so I do not know why the hon. Gentleman is making one.

My involvement with, and interest in, the human rights of the Iraqi people goes back three decades. I led the non-governmental organisation the Campaign Against Repression and for Democratic Rights in Iraq—CARDRI—in the 1980s and I chaired the non-governmental organisation INDICT for seven years until 2003 as it gathered evidence of the crimes committed by Saddam Hussein's appalling regime. We hoped to be able to get indictments against leading members of that regime and to bring them in front of the world's courts. We made every effort to do that at the time and thus to avoid armed conflict. That did not happen and we were thwarted in various ways that I do not want to go into today.

As other Members have pointed out this afternoon, we must not forget how vile Saddam Hussein's regime was, or the brutal way in which it used violence, rape, torture and the threat of violence as everyday tools of the state to keep the population in check and to deal with those who disagreed with him. I had an Iraqi friend who volunteered for CARDRI when he was a student in London in the 1980s. Every fortnight, he used to bring me a list of the names of those who had been executed at the Abu Ghraib prison. At times, I challenged him about the accuracy of those reports, but I am sorry to say that they were indeed accurate. Since the war, we have been able to establish that everything that was alleged to have taken place during that awful period actually happened.

In 2002-03, when the prospect of intervention in Iraq arose, it appeared that all other options had been exhausted. They included UN resolutions and sanctions, although, as my hon. Friend the Member for Pontypridd said, the sanctions regime might have worked if people had been serious about it and if it had not been directed at the regime and away from the people it was meant to help. We even attempted indictments against leading members of the regime. I went to several countries, including Switzerland, Norway and Belgium, to get those indictments and I tried in the UK. For people who argue for the strengthening of international law, that attempt was a case in point: those indictments could have been made—they could have been made in this place—but they were not made at the time because people were afraid to use international law to bring members of that regime to justice.

I was never in any doubt—and never will be—about the morality of ridding Iraq and the world of Saddam's regime. Since 2003, I agree that Iraq has gone through some terrible times. Insurgent groups have used violence and terrorism to try to stop democratic progress and to drag Iraq into the abyss of sectarian hatred and bloodshed. I have always believed, however, that the wisdom and ingenuity of the Iraqi people would win out and that Iraq could and would become a functioning democracy. Iraq has come a long way since 2003 and it has made real progress.

I should like to give pen portraits of all the people I know who are contributing to the future of Iraq, in which I hope we all feel engaged. One of them is the man I mentioned—a young Iraqi student in the mid-1980s. He made quite a lot of money in the UK, but as soon as 2003 came he sold his manufacturing businesses and went back to Iraq. He is still there. He invested all his money in setting up a broadcasting station, which is now one of the most successful operating in Iraq. There are many such heroic stories of young Iraqis, forced to go to other countries during the Saddam regime, who have chosen to return to their country and contribute to its future.

Last week, I was in Cambodia visiting various organisations, one of which was the Cambodia Trust. It was set up in the UK by Dr. Peter Carey and others to help provide services for the limbless in Cambodia—the result of land mines, which I am sorry to say we helped to plant, and other activities. However, the Cambodia Trust and other organisations are helping some of those people. I met three young Iraqi men who had come from Iraq to learn how to do that work. I spoke to each of them individually; they all said they were glad that the Saddam Hussein regime was no more. They were pleased that some countries had intervened on their behalf. People tend to forget that.

I have been going to the Kurdish area of Iraq since the early 1990s. I was on the mountains between Iran and Iraq when Saddam Hussein's helicopter gunships were bombing the Kurds. It was a horrific sight. Those of us who saw pictures at the time will remember seeing Kurds fleeing across the mountains in terrible weather conditions. I shall never forget meeting some of them—I was the only woman there and people holding babies in their arms pushed the babies at me. Of course, the babies were already dead. We never forget things like that.

I was with the Kurds regularly during the '90s when they were camped out in the mountains and Saddam Hussein was attacking them. At various times before 2003, they tried to overthrow the regime but each time they were brutally repressed. The same is true of the Shi'a; when they tried to overthrow the regime, there were terrible consequences. There is, for example, a mass grave in the south of the country in which 15,000 people, who are likely to have been Shi'a, are said to be buried. The excavations are still going on. Those people tried to overthrow the regime, but they failed. That is when they asked us to help.

I remain concerned, as I am sure many others do, about the humanitarian situation in Iraq and the region. I think that a co-ordinated international effort, with the Government of Iraq in the lead, is the best response. In 2008, we contributed £17 million to help displaced Iraqis. Our total humanitarian contribution since 2003 has been more than £149 million.

As we know, there is a large number of internally displaced people, and many refugees in Syria and Jordan. Some of them have returned, but not all. I have been to visit refugees in Syria. I must pay tribute again to the Syrian Government for their support for those refugees. It is easy for everybody to welcome refugees in the first instance, but it is difficult to continue that support when it puts strain on a country's housing, employment and education systems. Having seen what happened there and having talked to the UN, I think it is important that the Government of Iraq continue to recognise that they have a responsibility to those refugees who unfortunately had to flee to other countries and to the internally displaced people in Iraq, some of whom are in a very difficult situation.

Organisations such as the UN are providing assistance to the most vulnerable people, whether displaced inside or outside Iraq. Those organisations give support in the provision of food, water, shelter and medicine. The hon. Member for Kingston and Surbiton (Mr. Davey) mentioned the lack of electricity, water and so on. One of the problems for the people trying to repair that situation is that the infrastructure had been neglected for years. It was crumbling, even before the war. Obviously, the people trying to put that right are proceeding as fast as they can, but because of the security situation, they have not been able to do it as quickly as they would like. More than 4 million people have been displaced; probably 2.8 million of them are inside Iraq and about 2 million are in neighbouring countries.

The number of Iraqi Government Ministers who are doing a tremendous job is clear to all of us who visit Iraq regularly. The decision to create a Human Rights Minister was important, as the role has endured. I know the present and the previous Minister well. Both are conscientious and dedicated to human rights. I met the current Human Rights Minister, Wijdan Mikhail Salim, in October in Geneva. She used to be a planner in Sadr City before the war. She is a very brave woman, and she spoke frankly about the limitations on the work of the Ministry of Human Rights, but also its successes.

For example, the Ministry responded very quickly to the threats made against minorities, including Christians, in Mosul last autumn. Of course, not only Christians are affected; I wish that people who are lobbying on behalf of persecuted people would also mention the other minorities, of which there are a number. The Human Rights Minister sent blankets and food aid, as well as an inspection team. The newly trained Iraqi army, sent by Prime Minister al-Maliki, also responded quickly to what was going on in Mosul.

Mr. Pelling: I congratulate the right hon. Lady on mentioning that a number of minorities exist in Kurdistan. On the basis of her experience, what is her view of the ability of those minorities to show tolerance to one another? There are sometimes accusations that Kurds have behaved unreasonably towards Assyrians and Christian groups generally.

Ann Clwyd: I was not talking specifically about the Kurds, but about the persecution of minorities in other parts of Iraq as well. The Iraqi Government are well aware of that and have been attempting, through rapid response, to protect those minorities as quickly as possible when they are made aware of situations.

I want to mention the subject of detention. Since I started going to Iraq in 2003, it is one of the issues on which I have particularly been working. Detention is a crucial human rights issue anywhere in the world. Over the past five years, in association with the Americans, I have kept a close eye on detention in Iraq. As the American troop surge reached its peak last year, the number of Iraqis, mostly young Sunni men, in US detention reached 27,000—far too many. Many of those people were detained during the wide security sweeps and had done little or nothing wrong.

I agree that the surge has been incredibly successful in reducing violence in Iraq. Some of us who were present at a meeting last month organised by the hon. Member for Reigate (Mr. Blunt) heard more about it from a young US army captain. Along with the so-called Sons of Iraq, the armed local Sunni groups who have pushed al-Qaeda out of their provinces transformed the security situation in 2007-08, as I have seen for myself. The number of detainees held by the Americans in Iraq has fallen to about 16,500. That is a good reduction from 27,000, but 16,500 is still a very large number.

Even after the change in the status of US forces, the detainees will remain in the control of the United States for some time to come. Let me say right away that I think that that is a good thing. The Iraqi Government do not at present have the capacity to look after 16,500 detainees adequately and without the risk of mistreatment. I hope that we will support the United States authorities in that, and I hope they understand the importance of handing that group of people over to the Iraqi Government slowly and carefully. Those against whom there is no evidence should be released, and the rest should be charged and face a fair trial in the Iraqi justice system.

Mr. MacNeil: I am not exactly clear what the right hon. Lady is saying. Does she support internment?

Ann Clwyd: Oh dear. No.

I know that many Members take an interest in the situation of women in Iraq. In many parts of the country the situation of women is improving, but I know that things have been very bad for women there over the past five years. Women now have the opportunity to take part in the political life of the country. We ought to applaud the fact that 25 per cent. of members of the Council of Representatives—Iraq's Parliament—are women.

Ms Dari Taylor: Better than ours.

Ann Clwyd: Indeed. We have attempted to link up with those women by video on several occasions. Colleagues in all parts of the House agreed to take part in video conferencing, but that has not happened yet—on the first occasion there was a sandstorm; on the second occasion there was an important vote in the Iraqi Parliament; on the third occasion there was a security issue; and on the last occasion the Iraqi Parliament suddenly went on holiday. We have not yet managed to organise that video conference, but we still hope to do so. The group of women MPs whom I meet in Iraq are varied. They come from all sides of Iraq and many are extremely impressive, but some are very new and need to be encouraged, which is one of the things that we can do here.

As hon. Members have said, provincial elections are due to take place in Iraq on 31 January. Again, the Iraqi Parliament is to be congratulated. Recently, it passed legislation ensuring that 25 per cent. of those elected in the local elections will be women. Furthermore, it has agreed that minority groups—Christians, Shabaks, Yezidis, Mandaeans and others—will be guaranteed representation, which I welcome.

Jo Swinson: I am enjoying the right hon. Lady's contribution. I would certainly say that getting more women elected to this House is important, but does she agree that electing women is particularly important in countries recovering from conflict situations? As Security Council resolution 1325 points out, the role of women post-conflict can be vital in rebuilding a country, and it is important that our Government take their commitments and national action plan under that resolution very seriously.

Ann Clwyd: I absolutely agree. The hon. Lady agreed to take part in one of the video conferences that we had to cancel, and I hope that she will participate in a future one. It is important for those women to feel solidarity with women in this Parliament. They value the British particularly—I cannot emphasise enough how much the Iraqi people value British involvement. Our continued involvement is certainly important in rebuilding the country.

We should remember that for the first time in many generations, Iraqis enjoy basic rights—for example, freedom of speech, expression and association and the right to take part in democratic processes. I remember meeting the leader of Baghdad city council in 2003. I asked him how things had changed. He looked at me and said, "Madam, if I had met you two years ago, I would have been able to say to you only, 'Hello', 'Long live Saddam Hussein' and, 'Goodbye'. Now I can say anything I want to you."

About two years ago, I went to the marshes with an Iraqi Water Minister—it was the first visit to the devastated marshes by a new Iraqi Government Minister. The water ministry is responsible for re-flooding the marshes, which were drained by the previous regime. Life is beginning to return to the marshes, although there are not as many people as lived there previously—many of the people fled or were killed when Saddam Hussein attacked the Marsh Arabs. However, we met a representative group, and as we went round the villages, people ran out, hugged us and laughed and clapped. We sat down with the community leaders in a big building made of rushes, as all buildings on the marshes are. They started banging the floor and saying to the Minister, "We want better roads, education and better housing." I sat there and thought that two years previously they could not have done that—if they had done so, they would not have been there today.

Freedom of expression is important, as we have seen in the Iraqi press, which we have played an important role in retraining. The Institute for War and Peace Reporting, based in this country, has done good work on retraining Iraqi journalists. Previously, they had to write reports from reports that had been given them and could not change anything. When we see them rethinking and challenging ideas that people have given them, it is impressive. I hope that we continue to support the Institute for War and Peace Reporting, which does excellent work in Afghanistan and many countries that I have visited where freedom of the press has not been part of the culture.

There are human rights issues and challenges facing Iraq today. When the Prime Minister addressed the House just before Christmas, he said that

> "the relationship between Iraq and Britain will be strengthened at a cultural, economic...and social level".—[*Official Report*, 18 December 2008; Vol. 485, c. 1241.]

He talked about our commitment to the economic development of Iraq and scholarships in the UK for Iraqi students, which is all very welcome.

A few weeks before Christmas, I went to the British Library, which had organised an event for the chief librarian of Iraq's main library in Baghdad, Dr. Saad Eskander. Since the war, he has had a good relationship with the British Library. He gave us a slide show and a talk about how he had found Iraq's library when he went there in 2003. The library was no more. All the documents and books had been burned, and there were just ashes on the floor. Then he showed us what he has done since, with the help of the British Library. He has been able to rebuild some of the collection through copies of books and documents that existed there. We listened to him talk about his enthusiasm for rebuilding the library in Iraq and how many young people he has brought in to work there, particularly a large number of women. He said that he would very much value continued British help. At the end of his speech, the audience of a couple of a hundred people—librarians and chief executives from all over the country—got to their feet and applauded him, because his story was such a poignant example of how to rebuild from the ashes. There are many other examples in Iraq of people who do similar things.

A couple of months ago, I chaired a human rights forum on Iraq at the Foreign Office. Fifty people were there, and three Iraqi Ministers were among the participants. There were people from non-governmental organisations and trade union groups, officials and academics. The universal view at that meeting was that British involvement in building Iraqi civil society would be essential in future. We agreed that the group would meet regularly, every three months, and that working groups would focus on freedoms, the rule of law and the role of women. We will also involve NGOs from Iraq, which I had hoped would be able to take part in that first meeting, but the line broke down or there was a problem in Iraq, so they could not get the sound link. There are many NGOs working in Iraq, and it is very impressive to see them do so. The British Government have assisted NGOs in getting off the ground. There are people working with the disabled and with widows, and people working on corruption, which is a brave thing to do in any country, but particularly so in Iraq at this time. People are working on all aspects of life in civil society. When one spends a day or two with them, one feels that there is considerable optimism and determination among the Iraqi people.

Everybody agrees that women are a key part of rebuilding the country and establishing it more firmly as a representative democracy. We must continue to lobby the Iraqi Government, so that when the national elections take place at the end of the year, the 25 per cent. quota for women is still in place. The women MPs whom I know, who have built a strong caucus within the Council of Representatives, must be allowed to continue to speak out and shape the future of their country. The Speaker of the Iraqi Parliament has recently been forced to stand down. One of the things that he did prior to being asked to step down was verbally to attack women in Parliament for not having suffered enough. At that point, all the women stuck together and walked out of the Parliament. It is heartening to see such groupings forming.

The freedom of the press is crucial in Iraq. I receive a synopsis of the Iraqi press every day, and it is amazing to see the spread of opinion across the publications, daily and weekly, that exist in that country. I have been contacted on a number of occasions by concerned Iraqis, the National Union of Journalists and others about violence and threats made against journalists in all parts of Iraq. I have lobbied the Iraqi Government in Baghdad and the Kurdish regional government to treat all those cases with great seriousness. We must keep the pressure on to ensure that Iraqi journalists can work without fear. One of the obvious developments in a democracy is that the press are more or less free to write what they like, which is essential in Iraq. That is one way of ensuring that corruption does not take place.

I return to the example of my friend who runs the radio station. Some time last year, he was approached by an official from a department who was planning to advertise on his station. He was told, "We'll pay you so-and-so, but you'll have to give me back so-and-so." My friend was very brave; he said, "Can you please sit there? I have to go and do something for a moment," and he went upstairs to his studio and broadcast over the air what had happened in the room below. When he went back to the room, the man who had made the offer had disappeared, and an official appeared about a week later to apologise profusely that anyone should have done something like that. To have such brave people speaking out is the best way of combating corruption.

I have taken an interest in the rule of law in Iraq for a long time, and Indict has supplied 35 box-loads of evidence to the trials that continue in that country. The rule of law has developed a great deal since Saddam's time, when the law was used as a brutal tool of repression. I hope that we will continue to press the Iraqis on the implementation of their amnesty law. It is a well-written law that should allow for the release of those who have been held without trial. We should also offer advice and training to the Iraqi authorities charged with running prisons. Right now the Iraqi Ministers of Justice, the Interior, Defence and Labour and Social Affairs run prisons. Many of those prisons are overcrowded, and the situation for the inmates is intolerable. I hope that we will continue to provide any support that the Iraqis ask for to improve conditions in their prisons. We have supplied specialists at various times to give advice on how to run prisons, including prison officers from this country. That support must accompany training for judges to allow those who are arrested to be brought to trial quickly and fairly.

I know that as our military support to Iraq draws down, our work to support the growth of civil society and a culture of human rights will continue. I am hopeful that in 10 years' time, Iraq will be a country where all of us, if we want to, can go on holiday in safety and that we will see a much-strengthened Iraqi democracy to which we have done much to contribute.

3.59 pm

Mr. James Arbuthnot (North-East Hampshire) (Con): I never thought in 1984, when I stood for Parliament against the right hon. Member for Cynon Valley (Ann Clwyd), that it would give me such pleasure to follow a speech of hers on a subject such as this. I found it extremely moving. The optimism that we are now expressing in relation to Iraq may well mean that her role as special envoy on human rights is no longer needed, and there could be no greater tribute to her than that.

While I am on a Welsh theme, I shall say how much I enjoyed the speech of the hon. Member for Pontypridd (Dr. Howells). As the right hon. Lady said, he has clearly been released from his chains. He relaxed into his speech in a way that I think the entire House found enormously enjoyable.

Whatever the controversy over the origins of the war in Iraq, over such things as dodgy dossiers and 45 minutes—frankly, I found neither of those nearly as important as the media have since made them out to be—and over the planning for the aftermath of the war, which was much more important, the fact remains that our armed forces went in with our allies the United States, the Danes, the Australians and many others. They went into Iraq and made great sacrifices. They were doing it for us, for this country, but also for the good of the region, Iraq and the world. The result, as we now see, has given rise to the hope that we have discussed throughout the debate.

The Defence Committee has visited Iraq regularly. Our analysis of what happened between 2003 and 2007 was that things were getting steadily worse. When we visited in 2007, for example, we found that there were

[Mr. James Arbuthnot]

rockets and bombs where we were every couple of hours or so. We were meant to have dinner with the President of Iraq, but the place where we were to have it was destroyed half an hour before we got there. Luckily the dinner was not, and it was sent round to the British embassy with the usual Iraqi hospitality that we have come to expect.

We found also that when we were in convoys in 2007, there was such a threat from the local population that everybody was forced off the road as our convoy went past, and guns were trained on them because of the risk of suicide bombings. We found that we were not allowed into the centre of Basra because we were considered too high-value a target.

By contrast, last year we were there for five days and there was not a single rocket or mortar attack. Things were so busy that only the vice-Chairman of the Committee and I were able to go into Basra, but we did so in a convoy that, far from forcing everybody off the road, got stuck in a traffic jam. Nobody seemed the least bit bothered about it. Not only were there no rocket or mortar attacks, but we heard afterwards that British troops who went into the centre of Basra in military uniform were not allowed to pay for anything because of the popularity of the British, to which the right hon. Lady referred. I hope that we can recognise the value of what the British have done in Basra and elsewhere in Iraq to the same extent that the people of Basra do. We should not constantly denigrate what we as a country have done.

Operation Charge of the Knights transformed the situation in Basra. My understanding of what happened is that there was a general misunderstanding—at the British level and the Baghdad, Iraqi Government level—about the level of militia control of Basra. Prime Minister al-Maliki decided to send in the 14th division. The decision nearly foundered and failed, and reserves had to be sent in. Prime Minister al-Maliki's decision was a surprise to the United Kingdom and the United States. The time scale was brought forward in a way that was perceived as unwise because of the risk of failure, which British and US military advisers identified.

Nevertheless, Prime Minister al-Maliki's decision was brave. He was determined to take back his country from the grip of the militias. He recognised the importance of taking back Basra—the country's economic heart. When the exercise nearly failed because of the militias' grip, other Iraqi reserve forces came in, with United States mentors. A major battle for Basra took place and it was successful.

We should pay great tribute to the Iraqi troops for their achievements, the British troops for the training that they gave the Iraqi troops and the American mentors, who managed to establish in the eyes of General Mohan that American troops could be welcomed on the streets of Basra. That also transformed the standing of British troops in Basra.

As I understand it, the Basra police were involved in the battle for Basra as follows: a third fought on the side of the Iraqi army; a third stayed at home, and a third fought on the side of the militias. The Iraqi army took on those who fought for the militias and defeated them. That was a crucial defeat. We contributed a great deal with a small police mission from the United Kingdom, which did good work, to training the police. However, it is essential, if we are considering our future strategic relationship with Iraq, to ensure, through training, that the Basra police do not revert to the corruption and militia control that previously existed. It is therefore essential that the size of the UK police mission and its formulation is good enough and strong enough to ensure that the police in Basra remain in the supportive state that they have now reached.

When we last visited Basra in June, we found that people spoke about the economy much more than security. That was a great step forward. Despite the traffic jams, which are a good economic sign, we noticed that there was high unemployment in Basra. Despite the security achievements, high unemployment had become the greatest risk.

Iraq is potentially one of the richest countries in the world. The oil infrastructure is in serious need of renewal and expansion to exploit those riches. That is not a criticism of Iraq, except in that it is a criticism of Saddam Hussein, but the situation represents a major opportunity for British companies. As the hon. Member for Pontypridd said, we need the Shells and the BPs to go in there and exploit those resources and renew that infrastructure. We have a combination of experience that could be absolutely optimal for getting that oil exploited by and for the Iraqis. We have oil expertise and a level of good will among the Basrawi population that is second to none. That good will needs to be built on.

I was therefore particularly worried by the strong point that the shadow Secretary of State for Defence made about the low importance that appears to be given to the development of British-Iraqi business links by the Department for Business, Enterprise and Regulatory Reform. We must address that, because it is essential that Government agencies pull out all the stops to help the links between Britain and Iraq to grow, particularly in the oil sector, if it is true that the Ministry of Defence and DFID are thinking of pooling resources to get a representative. One representative is not enough. We need far stronger representation in Iraq in order to help the Iraqis build their economy and to help British companies, too, to benefit from that.

I want to turn, penultimately, to naval training, because, still on the issue of oil, the two oil platforms, one of which we visited in June last year, produce 90 per cent. of Iraqi income. They are terribly vulnerable and are protected by an Iraqi navy that is mentored and trained by the Royal Navy. The importance, therefore, of the work of the Royal Navy is obvious. The Royal Navy is involved in a huge task that is essential to the economic viability of the whole of Iraq. However, I am not entirely sure that the Secretary of State's comments gave quite enough prominence to that importance.

I hope that the naval training that the Royal Navy carries out in Iraq will recognise that Iraq intends either to double or to treble the size of its navy in one year. That is rather a tall order. The Iraqi navy will still be a navy of small size, but it is important that we have a mission that is large enough, strong enough and of a high enough quality to be able to ensure that that transition works and works well.

I would be grateful if either the Minister in his reply or somebody in a letter could tell me whether the order for ships that was originally made from Malaysia by the

Iraqis remains on foot or whether it has been cancelled. If it has been cancelled, as I fear it may have been, it would be good to know, from a naval point of view, what size the Iraqi navy will be, in view of the importance of the task that it will be undertaking.

In conclusion, I would like to read a couple of sentences from a briefing that the Iraqis themselves gave us for this debate. The fact that they are looking beyond the shores of their country to what is happening in other Parliaments is also a welcome development. What the Iraqis say is this:

> "We believe in an Iraq that can be a beacon for democracy, freedom and moderation in the Middle East. It is the undemocratic nature of regimes in this region that has bred poverty, backwardness and extremism in a region which should be one of the most prosperous regions in the world. A democratic Iraq, that is stable and unified, will turn the tide against those who rule through tyranny."

Even as an aspiration, that is a fantastic thing to say, and it is a tribute to the Iraqis. It is also a tribute to those British men and women who have sacrificed so much and achieved so much in order to allow the Iraqis to have that aspiration.

4.15 pm

Ms Dari Taylor (Stockton, South) (Lab): It is a pleasure to follow the right hon. Member for North-East Hampshire (Mr. Arbuthnot). I am pleased to say that he was as excellent as a member of the Intelligence and Security Committee as he is now, and he is of course much missed. We have heard some excellent contributions today. Both Front-Bench teams presented to the House a commonality of sentiment and a drive to persuade us that although we have achieved much so far, there is much more to achieve, and that we can do that and support it whenever the Iraqis should request it. It is also a pleasure to follow my hon. Friend the Member for Pontypridd (Dr. Howells) and my right hon. Friend the Member for Cynon Valley (Ann Clwyd). Both engaged the attention of the House and both were compassionate. They drove the idea that much has been achieved, and that there is much more to do.

For me, this is one of the most important debates that the House will enjoy—I hope that "enjoy" is the correct word to use. We are talking about Britain's future relationship with Iraq. Iraq could choose not to have a future strategic relationship with Britain, but we are all fairly clear, if not very clear, that it does wish to have such a relationship. In speaking about that relationship, I wish to concentrate on the central role that the British armed forces have played in Iraq over the past five years.

Before I begin that part of my speech, however, I hope that the House will tolerate my saying that, in 2003, I was very enthusiastic that we would deploy effectively in Iraq with the US and all other friends. I was confident and enthusiastic that we would get rid of a tyrant, that we would end up unshackling the Iraqis, that they would be pleased and purposeful and that they would soon see their way to establishing an institutional civil life that would be peaceful and secure. I believed that all that was possible. I am really sad to have to stand here today and say that, in large part, the Iraqis have suffered an awful time over the past five years. That is not just because of the sectarian hatred, the suicide bombers and the constant insurgency; it is because we have watched Iraqi against Iraqi, shockingly perpetrating the most appalling loss of life among children and the elderly, with their indiscriminate action against innocent people.

The assessment that I made was wrong. I am totally miserable that it should have been so wrong, but I am pleased that we are now beginning to see real signs of stability: a sovereign Government; the rule of law; the freedom of the press; and people feeling that they can be involved in their country and wanting to take up the responsibilities of being involved. The birth of Iraq's democratic state has been a journey, and it has seemed at times to be a very long one. It has been a journey of hope, then of tragedy, involving a savage disregard for human life, and now of hope again. This afternoon, I want to celebrate the deployment of the British armed forces in Iraq, and to look forward to their withdrawal. I am absolutely of the belief that the Iraqis, the British armed forces and the coalition have faced significant challenges, but they have also delivered significant achievements.

I have over a period watched and read the words of the Chief of the Defence Staff Sir Jock Stirrup, and those of General Sir Mike Jackson, while I have read the clear and careful analysis expressed in Defence Select Committee reports, particularly the June 2008 report on "UK operations in Iraq and the Gulf". That, along with all the other statements made by people in serious commanding roles within the armed forces, has persuaded us that, in their different ways, the armed forces have defined a significant change in Iraq—a change for the good. I acknowledge, as the chiefs have said, that now is probably the time for the armed forces to leave Iraq in the competent hands of the Iraqis.

From all that I have read, I believe that General Sir Mike Jackson has put forward the most convincing argument that the UK military's role is complete. He has made it clear on a number of occasions that there are still problems and conflicts but that they are non-military, so it is time that non-military Iraqi involvement became a fundamental part of the resolution. In exposition of current conflicts, he points to the fact that there are invariably conflicts between groups and between different parts of the Muslim world; in all honesty, I, too, believe implicitly that conflicts are inevitable. Frankly, the only way to resolve inter-group conflicts is through political institutions.

Mr. Ellwood *rose—*

Ms Taylor: Before I give way, let me finish clarifying what General Sir Mike Jackson said, as he issued the statement that the military's and the soldier's job was done and it was time for civil and political action to take over.

Mr. Ellwood: I am grateful to the hon. Lady for quoting General Jackson who was, of course, responsible for the British Army at the time of the invasion. He went on, however, to be very critical of the Government, saying that there was no proper reconstruction plan. That is a matter of huge concern on this side of the House and it explains why we want to see an inquiry, as it was precisely the absence of a plan that left our forces exposed. We are congratulating ourselves in today's debate on how wonderful Iraq is, but we should have been able to have such a debate perhaps two, three or four years earlier.

Ms Taylor: I am sure the hon. Gentleman will know that I am bound to say that if we could all read a crystal ball, we might all have understood what the insurgency and the suicide bombings were actually going to throw at us. We might have made a much clearer assessment of al-Qaeda's involvement; we might have done—

Mr. Ellwood: Al-Qaeda was not there.

Ms Taylor: No. The hon. Gentleman implies from a sedentary position that such an assessment had been made. Let me say to him quite frankly that I do not believe that that was the case. There was a debate in this House about the position there. Perhaps the hon. Gentleman and I should agree to disagree for the moment.

Mr. Ellwood: I appreciate that I am testing the hon. Lady's patience, but this is a fundamental point. She says that al-Qaeda became a problem, but it was the absence of a plan that allowed al-Qaeda to take advantage of the security vacuum that was then created. If we had had a plan, which would have involved the Department for International Development—DFID is the problem here because of the lack of Whitehall co-ordination between the two Departments—we could have gone into the country, taking advantage of the fragile umbrella of security that we had created, to build reconstruction and development. If we had done that, al-Qaeda would not have been allowed to step in. It was not in the country before March 2003.

Ms Taylor: The hon. Gentleman and I will have to agree to disagree on that.

I want to take the House one stage further and reference the statements made by the Iraqi Prime Minister, Nouri al-Maliki. He has made many calculations about the competence of Iraq's army and police force to deliver a secure Iraq in which all civil society can survive. Again, some of his words are quite clear. Although he thanks the British troops for the role that they have played, he goes on to say that their continued stay is not necessary for maintaining security and control. That gives me a tremendous amount of confidence. This is a man who for years has watched, worked with and relied on the support of the coalition team, in particular the British armed forces in Basra. What he then says takes us to the point of acknowledging what our future strategic relationship could be about. He qualifies his statement that Iraq may need UK forces because of their experience in training and their technical knowledge by saying that as a fighting force, their job is done. I hope that that will be part of how the Ministry of Defence, and perhaps DFID, will see the way the British armed forces can continue to have a positive relationship, on Iraqi terms, with the Iraqi Government.

I am not saying that all is achieved; I am simply making the argument that our British Army has faced significant challenges and has made significant advances. I am confident that we are seeing for the first time a trusted system of law and order developing. Yes, the development is cautious, but it is happening. Without the British deployment, it would not exist. To argue otherwise is nonsense. We want a competent police force in Iraq, but we know that the Iraqi Prime Minister is more than prepared to bring British forces, including police forces, back into Iraq to support any future development or need. All that suggests that we are seeing the institutional development in all parts of Iraq that is capable of developing a stable and peaceful country.

I am delighted to hear from my right hon. Friend the Secretary of State for Defence that women are clearly valued and seen as part of the whole system. Many hon. Members would expect me to make that statement, and they would certainly expect my right hon. Friend the Member for Cynon Valley to do so. It is easy for us to acknowledge the strategic value of the armed forces, the police and the rule of law. All those elements are crucial; they are part of an institutional delivery. However, the absolute fact is that too often too many people give women a specific role that is outside civil society. Frankly, it is a wrong that undermines an effective force.

The United Nations once made the statement that when we persuaded the mother in the family, we persuaded the family. That family is part of the community, and that community delivers. It is crucial that we celebrate the Iraqis' vision to allow women to be a 25 per cent. part of local government at this stage. We must congratulate them on that. There is a future relationship to be built there. I will not repeat it. My right hon. Friend has made clear statements about how she is developing a relationship with Iraqi women, and many in the House would support the development of that relationship.

The Select Committee report makes other observations about where the British armed forces and DFID have been seen to deliver effective and valued training and mentoring. It mentions the MiTTs, the military transition teams, which have worked alongside Iraqis in training and mentoring. A very effective relationship has developed, based on both trust and competence, which I believe will continue in the future. The report also mentions the value of the provincial reconstruction team. Working with the provincial government, it has assessed and prioritised existing Iraqi funds with the aim of implementing good policy and achieving good governance, and I hope and believe that that too will continue.

Many Members have referred to Iraq's economy and the serious concerns that people rightly have about it. We know that unemployment rates as high as 90 per cent. have been recorded in Basra, but we also know that the economic development team's main aim has been to achieve lower unemployment, and to meet overriding priorities that will enable the economy to develop. It is crucial for the provincial reconstruction team to be seen to have a future and a strategic role.

I believe that mistakes have been made over the past five years and that there have been serious misunderstandings. I, and perhaps others, did not anticipate the level of insurgency. I was mortified to observe the lack of control in prisons: Iraqi prisoners, at the time and subsequently, have made serious allegations of abuse, and many of us witnessed much of that abuse on television. A significant number of people have been killed, including many of our own armed forces, and many more have been left wounded. At times, there has been considerable political and military friction within the coalition, which, although it was ultimately resolved, was seriously distracting.

Having said all that, however, I believe that the achievement in Iraq over the last five years has been considerable. I do not mean just the provision of water and electricity, and I do not mean just the way we have worked to achieve an effective police force—which we will continue to support—and an effective army. We have achieved considerable change, and people feel that they know the benefits of freedom.

Soldiers from my constituency return and tell me that some of the best moments for them have been experienced on the football field. Instead of playing with a rolled-up piece of rag, children were playing with the footballs that had been produced, and goalposts had been erected. According to the soldiers, the children were small and many looked as though they needed a good meal, but they were tenacious on the football field and invariably won their games.

Sometimes we gain more through the way in which we involve ourselves and form relationships, and the British armed forces have delivered and developed relationships in a very valuable way. The friendship and respect that have developed between the two countries in so many different ways will be invaluable to future strategic relationships. Let me leave the final words to Sir Mike Jackson who, although he has made serious criticisms about the way we deploy, has also been very complimentary. In December 2008, in a statement to us all, he said that conflict between groups was a political phenomenon that could only be solved politically. The soldiers' job was done. They had created the conditions for political solutions. Iraqi civil society was now in the hands of Iraqis. Hopefully, a British Government will always continue to support them.

4.35 pm

Mr. Bernard Jenkin (North Essex) (Con): While listening to the hon. Member for Stockton, South (Ms Taylor), I am afraid that I reflected that there were voices—informed people—who warned about the vacuum that existed immediately after the invasion. I myself prepared a paper for the shadow Cabinet at the time saying that all the ingredients for an insurgency war were in place. I had meetings with the Secretary of State at the time about it, and I remain grieved that nothing was done. When I complained on the Floor of the House that we were withdrawing our troops too quickly and that they were overstretched, I was accused of nitpicking. I did not need a crystal ball; many experienced military and other figures warned about the consequences of the vacuum that we had left, and I wish to address that in my comments.

I remain convinced, as I was in 2003, that the removal of Saddam Hussein was the correct course of action. As history will record, the new Iraq that is at last emerging from the turmoil of the past six years demonstrates that the decision we took alongside the United States—and which was supported by almost 40 other nations—was the right one. Our soldiers, sailors and airmen have performed in Iraq with exemplary courage, skill and determination, and I salute them and honour those who have fallen and those who still suffer from their injuries.

The failures in strategic planning for the aftermath of the war meant, however, that the struggle in Iraq has been much more prolonged and bloody than it needed to be, as my hon. Friend the Member for Bournemouth, East (Mr. Ellwood) pointed out. British politicians and officials cannot escape their share of the blame for this. The failure in post-conflict planning, coupled with the fact that the Department for International Development is simply not engineered to cope with post-conflict reconstruction, meant that we wasted the vital first 100 days of hope after the invasion—that is the limited window that exists in a post-conflict situation. We should have been able to prove to the Iraqi people that the removal of Saddam Hussein would lead to improvements in their lives, but, tragically, we and the Americans missed that window. The lack in our case—in Regional Command (South)—of a single campaign plan and a single integrated command across the British military and civilian effort was fatal in that respect. That is of even greater relevance to our current difficulties in Afghanistan, and it is the need to learn the lessons from these mistakes, and to learn them quickly, that makes the case for a full public inquiry into Iraq so compelling.

Unfortunately, when we consider the future strategic relationship between the United Kingdom and Iraq, we are left to ponder what might have been. The excellent mentoring role played by our armed forces in the south of Iraq, which Defence Committee members witnessed when we visited this year, last year and in previous years, could have created a platform for a sustainable and productive mil-mil—military on military—relationship between the British and Iraqi armies, and could have led to the kind of strategic relationship that our country has developed with, for instance, Oman.

Thanks to its oilfields, southern Iraq is likely to develop into one of the richest areas in the region, as the hon. Member for Pontypridd (Dr. Howells) pointed out. The UK has expended a great deal of blood and treasure in trying to ensure that sustainable and prosperous future for the south of Iraq, and yet at the very moment that one might actually call victory, the Government seem determined to snatch defeat from its jaws by withdrawing precipitately and leaving the long-term benefits of a strategic relationship entirely to the Americans. Our withdrawal would be understandable if our mission were truly accomplished, as the Government claim—after all, Iraq is for the Iraqis and we have no strategic interest in maintaining security with our own troops in Basra indefinitely—but the awkward fact for the Government is that the moment the Union flag is lowered over the Basra air base, the stars and stripes will be hoisted in its place. Far from our mission being over, the Americans will have to fill the gaps left by our departure.

The manner of our withdrawal is symptomatic of the Government's dual failure in Iraq: it is both a tactical and a strategic defeat. The failure was caused not by any lack of skill or courage on the part of our armed forces, but by a collapse of political courage on the part of the Government, and the inability of Ministers ever to come to terms with the size of the job that they had asked our soldiers to undertake.

Patrick Mercer: Does my hon. Friend agree that the filling of British commitments by United States forces probably dates back to that best-kept secret of the Iraq campaign, the so-called Najaf gap of 2006, when the previous Prime Minister promised to fill the gap left by the withdrawing Spanish garrison, but never fulfilled that promise?

Mr. Jenkin: I do not know what discussions took place between the British and American Governments about that. I have no doubt that the promise was made,

[Mr. Jenkin]

and I have no doubt that it was broken with the understanding of the Americans because it coincided with the commencement of our operations in Helmand province. My hon. Friend is right to point out another example of how we always promised more than we could deliver. At the heart of those failures was the fact that Ministers, and perhaps civil servants, never truly understood the nature of military tasking and the consequent burden that the armed forces would have to bear to follow through our commitments.

From Operation Telic 2 onwards, the number of British troops in multinational zone south was never sufficient for the task in hand. By May 2004, a year after the invasion, there were just 8,600 British troops in Iraq, compared with 18,000 a year before and 46,000 at the time of the invasion in March 2003. Even at those reduced levels in 2004-05, before the deployment to Helmand, our armed forces were still operating beyond the defence planning assumption set out in the 1998 strategic defence review. At the heart of the problem was the fact that the Government insisted that the budget for the armed forces was sufficient, although it was planned as a peacetime budget and we were fighting a considerable war.

Our armed forces, as the Government had configured them in the 1998 strategic defence review, were not large enough for the task that the Government required of them in Iraq, and the situation deteriorated when we deployed in Helmand in 2006. As the need for more troops in the politically "good" war in Afghanistan grew ever more urgent, the so-called "bad" war in Iraq became ever more embarrassing for the Government, and the number of troops in Operation Telic dwindled further to 7,200 in May 2006 and to just 5,500 in May 2007, shortly before the then Prime Minister, Tony Blair, left office. That was one year before Operation Charge of the Knights.

It might have been assumed that the steady reduction in the number of the British forces occurred because the situation in Iraq was improving, but everyone in the House knows that 2006 and 2007 were the bloodiest years of the war. In the 21 months from the beginning of 2006 to the withdrawal from Basra palace in September 2007, British forces suffered 64 combat deaths, just under half of the 136 combat deaths sustained during the six years since operations began in 2003. Faced with an intensifying insurgency campaign in southern Iraq, the Government simply failed to provide the men and equipment necessary to have a chance of defeating the militants. Indeed, in late 2007, the Prime Minister came to the House and announced that there would be a further troop reduction in the following spring to below the 5,000 level that the Select Committee on Defence had been briefed was the bare minimum.

Let us take a step back for a moment. Originally, Mr. Blair, when Prime Minister, was determined to hang on in Iraq to preserve our strategic relationship with the Americans, but I shall argue that our failure to provide the necessary military capacity has ended in materially damaging the very relationship that he most wanted to maintain.

Most shameful was the Government's attitude towards our troops still serving in Basra. Lacking the courage to try to explain their mission to the British public, Ministers continued to send our troops to Iraq in the knowledge that their mission lacked the support of the British people. Nothing can be more dispiriting to a soldier than knowing that the sacrifices that he and his comrades are making are not appreciated by those in whose name they are being made.

The mood of those deployed in Basra in 2007 was summed up by one Army captain, who told *The Times*:

> "We didn't ask to come here…We are making incredible efforts and sacrifices. Yet sometimes it feels like our country and Government act like they wish we weren't here at all."

I am glad that the Government appear to have learned the lessons from Basra and have made considerable efforts since to demonstrate public support for the armed forces, but the words of that captain should make every Minister hang his or her head in shame. Indeed, that is a lesson that we should take on across the whole House.

The Government ran out of the political will and military capacity to do the job, which led to our tactical failure in southern Iraq. As the Americans surged into Iraq in the first half of 2007, the British Government were looking to get out. It is extraordinary to see the difference between what we were briefed in Basra and what we were briefed in Baghdad about the likely efficacy of the surge. Those events led to our strategic failure with both the Iraqi and American Governments. What General Petraeus's chief counter-insurgency adviser described as the British

> "defeat in the field in southern Iraq"

during 2006 led to our being sidelined by the Iraqi Government and the American military in Baghdad.

The British contribution to the Iraqi army's Operation Charge of the Knights in March and April 2008, which succeeded in driving the Mahdi army out of Basra, was severely limited by what we had available and by the political timidity of our own Government. Prime Minister al-Maliki told *The Times* later that year that the "British military doctrine" may have been one of the reasons that prevented the spread of security. It is worth reflecting on the fact that had the British Army had the capacity and political backing to do the job that was necessary in Basra, Operation Charge of the Knights should never have been necessary. It was only necessary because we basically had to walk away and hand the city over to the Jaish al-Mahdi—JAM—militias.

Although we can recover from that tactical setback relatively quickly, worse by far has been the effect on our relations with the Americans. I was a little surprised to hear the Secretary of State tell the House on Monday that relationships and confidence between the British and American militaries were as good as he claimed. I choose to put a favourable face on that, which is that both sides are doing as much as they can to repair the damage and to restore confidence. I commend him for that. I am sure that he was not misleading the House, but our American partners would welcome some candid and open frankness about some of the shortcomings of our military effort and the political backing for that effort rather than a pretence that everything in the garden is lovely.

Although the Americans under General Petraeus have revolutionised their approach to counter-insurgency warfare, our armed forces were never given the capacity to undertake truly effective COIN operations, and we were therefore unable to defeat the Mahdi army. The view in Washington is that we failed in southern Iraq and that is having serious repercussions on how the Americans view our contribution in Afghanistan and on our future role as their primary ally of choice.

A report currently circulating in the Ministry of Defence reveals the serious doubts in Washington about the British performance in Iraq and Afghanistan. According to one British source, the report showed:

"Britain's military ability is no longer rated as highly as we thought it was."

The painful lessons of Iraq for the British have yet to be applied fully in Afghanistan. We are more effective at counter-insurgency than we were, but we still suffer a command chain divided between the MOD and DFID—a divide that stretches right to the heart of Government, and the further up the command chain, the more serious it is. The result is a complete lack of strategic co-ordination between the civil and military efforts. If we ask the question, "Who is the Secretary of State for Afghanistan?", the answer is that there is a Cabinet Committee that meets once a fortnight. We cannot conduct a war on the basis of a Cabinet Committee that meets once a fortnight.

One of the things we should have understood from the tragedy of our experience in Iraq is that although we have excellent tactical effectiveness on the ground in Helmand and a brilliant campaign plan, we do not have a plan to win the war at grand strategic level. Until the Government grasp that point, we will simply be passengers in whatever the Americans decide to do. Furthermore, there is a danger that if the British Government do not significantly increase their military and civilian reconstruction commitment in Helmand in a co-ordinated fashion in early 2009, the Americans will feel compelled to take over command of Regional Command (South) and will regard subsequent improvements in the security situation as attributable to their efforts, in contrast to the perceived British failures between 2006 and 2008. So stretched is the British Army at present that even with the draw-down from Iraq, it is likely that no significant increase of British forces in Helmand will be possible, so such a scenario may be one that we have to accept.

The erosion of American confidence in the British military is the greatest strategic failure of UK foreign and defence policy for decades. Enthusiasm for EU and UN initiatives is no substitute. Faith in international institutions is too often misplaced, as they all too often prove wholly ineffective. The Government continue to profess that the transatlantic alliance remains the cornerstone of British security policy, but with the election of possibly the least Atlanticist US presidency since before the second world war, and plenty of rivals for US attention elsewhere in the world, our relationship with the UK is now at its most vulnerable since the Vietnam war.

That is the legacy of the Government's failure in post-invasion Iraq. We damaged our standing in the wider world by going in, even if it was the right thing to do, and damaged our relationship with the US by never having sufficient political will or military capacity to keep the promises we made to the Iraqi people and to our allies. The result is that we have taken much of the pain for none of the gain. Such is the opprobrium in which we are held by the Iraqi Government that French or German companies are winning far more contracts in Iraq than British companies. The Minister grimaces at that—I will give way to him if he would like to dispute it—but the fact is that French and German companies, alongside the Americans, are winning the lion's share of the contracts.

The Government are holding this debate because they think they finally have some good news from Iraq and they want to crow about it. It is good news that Iraq is improving and that our troops will be able to come home. At least they can hold their heads up high for their achievements, but they come back knowing—as we all know—that they have been let down at almost every step of their journey to and from Iraq.

4.53 pm

Mr. Adam Holloway (Gravesham) (Con): We are in danger of becoming dewy-eyed over the debacle in Iraq. In this century, we have never had a serious strategy for dealing with Iraq. That was the case as we went into the war and after the war, and I fear that it is also the case today.

The decision to offer UK support to the US invasion was made by the Prime Minister, pretty much alone, in Crawford, Texas in April 2002. The only thing that seemed to be on Tony Blair's mind at the time was winning influence with the United States, a strategy whose success is now rather in doubt, as we have just heard from my hon. Friend the Member for North Essex (Mr. Jenkin).

There is no evidence that before the then Prime Minister went to Crawford, he sought or received any advice from the Ministry of Defence. He is reported to have gone to the chiefs on his return from the UK and said, "Let's make a plan to support a US invasion." On the day of the invasion, we still had no agreement with the US on the political end state. Indeed, for the UK, the end state, according to a note from Downing street of 22 October 2002, was for Iraq to become a

"stable, united and law abiding state".

For the Americans, the end state seems to have been destroying Saddam's leadership and his supporting power base. Those are two completely different things.

The fact is that we ended up in Basra only because of a decision made in the Turkish Parliament. Originally, we were to go in via Turkey, and our troops were to have been in Mosul and the Kurdish areas, which would have been a completely different proposition. We involved ourselves in an American-led invasion through a decision taken by our Prime Minister at a ranch in Texas, without reference to the people who would carry it out. We ended up taking responsibility for southern Iraq almost by accident.

Once we were in, we tried desperately to find the justification for being there—that is, weapons of mass destruction. We could not do so, and we have spent all our time since trying to get out of the country. We reduced our forces as soon as possible from 46,000-odd men and women to about 15,000. At the same time, we were telling anyone who wanted to hear how great we were at counter-insurgency. Our focus was not on development or the restoration of security for Basra—security which, by the way, we were obliged to restore under the Geneva convention—but on the reduction of forces.

[Mr. Adam Holloway]

We were also pretty complacent. I remember a friend of mine returning from a trip to Basra. He said that he had wandered around among the civilian population and realised what a big problem unemployment and the lack of fast resumption of some services would be. He said that he was amazed at the complacency that he found within the Ministry of Defence on the issue.

After the start of the Shi'a insurgency and increasing militia control of Basra and Amarah, we built a new police force. I suppose that it could be argued that it made sense to go to the existing groups of armed men, but unfortunately they were the militias, so almost from the off, we took away the pre-existing structures and put in post people whose first loyalty was not to Iraq, but to their own factions. The police were really just militias in uniform. The best example of that was Basra's so-called Serious Crimes Unit, which was packed with people from the Jaish al-Mahdi—the JAM militia—who conducted their terrorist operations in police uniforms with police vehicles and weapons. They kidnapped the British CBS journalist Richard Butler last year, and they took two of our special forces people, who had to be rescued from a police station in Christmas 2006. As a senior Iraqi general was later to say, the police were, at the time, the cause of our security problem.

At that point, the increasingly terrorised civilian population lost confidence in the British, but we were busy being complacent about Iran. We made no serious attempt to control the border, possibly because we did not have sufficient troops. There was easy movement of men and equipment across the border, which fed the Shi'a insurgency right across the country. Nearly all that stuff came through the UK area.

From the start, we spent a lot of money on development, but as in the case of Afghanistan, we decided that it was important that the Iraqis were seen to be delivering services to the people, so we pumped the money through the provincial council in Basra. Guess what? A lot of people got rich, but services did not improve dramatically. Even today, Basrawis ask, "What did the British do for us?" There is little recognition of the UK's effort, although I am told that much of what we see in Basra has been done by the British. We have not got the credit for our effort.

Because we had no clear strategy at that period apart from the reduction of troop numbers, we lost out to JAM. By 2006 it was JAM's laws that counted, not what the British or the Iraqi Government had to say. For example, a hospital director in Basra tells the story of a male and a female doctor who were chatting. They continued chatting as they went out into the street, just by the gate. Someone from JAM ran out and fined the man for talking to a woman to whom he was not married and who was not a relative. The following week the same thing happened, but the fine doubled. The hospital director still asks how we could have allowed JAM's law to take over.

We were unable to keep control over Amarah. By August we had retreated, but that was okay because we were handing over to the Iraqi army. The base that we had left was looted by the militias. As one very senior British officer put it, there was only one serious attempt to produce a counter-insurgency plan. That was General Richard Sheriff's Operation Sinbad in late 2006. Sinbad was a brave attempt to take control of the city, but when in December 2006 the then Secretary of State, the right hon. Member for Kilmarnock and Loudoun (Des Browne), returned to England after having been out there and being briefed on it, he is reported to have been extremely angry that the ground truth had not been getting through about the seriousness of the situation in southern Iraq and specifically in Basra.

The truth of Sinbad was that General Sheriff did not have the resources that he needed or Iraqi political top cover, and the Iraqi 10th Division stationed in Basra was not ready to do the job. Sinbad failed to deal with JAM, and from that point we started to spin the situation differently—it was no longer a question of insurgency. The Government made it clear that there would be no long-term resources of the kind needed for a proper counter-insurgency operation, so the line was that it was a matter of criminality, that the militias were just common criminals, that there was no political motivation to the militias' actions and that we were dealing with Palermo, not Beirut. We said that it was a police problem, not an army problem, and certainly not a problem for a foreign Army like ours.

At about the same time, the US was putting lives and money on the line. After Sinbad, we made some serious attempts to capture and kill the JAM leadership in the first half of 2007. The problem, yet again, was that that was not part of a plan. We could take things, but we could not hold anything or build anything. By this point, 90 per cent. of the violence was directed at us. Why? Because we were the only people who were challenging the militia for control of the city. The casualty rate had reached such a level that when there was an opportunity to make an accommodation with JAM, we took it because we had to.

The deal was that JAM would stop killing British soldiers, if we released a load of prisoners and withdrew our forces into the airport. Suddenly, behold, peace reigned, but not for the people of Basra. JAM was in undisputed control, and its law was in force—extortion, smuggling, murder and rape. The funds from JAM's control of Basra went to pay for the insurgency in Sadr City and elsewhere in the Shi'a uprising across Iraq.

In fairness, that was probably a sensible decision at the time, because we were losing a lot of troops and reconciliation seemed an obvious thing to do. But in retrospect, what have we done? Far from handing over Basra to the Iraqi authorities, as the Secretary of State said earlier, we handed it over to a murderous militia. There is a view, with which I have some sympathy, that if the people of Basra had not gone through that ghastly experience, they would not have welcomed the Iraqi Government as they did after Operation Charge of the Knights. That is a view.

Harry Cohen: I hear the hon. Gentleman's point, and I will give my version of it if I catch your eye, Mr. Deputy Speaker. I want to put something to the hon. Gentleman. "Newsnight" did a poll—at the end of 2007, I think—that showed that more than 80 per cent. of people in Basra did not want the British there. Does that not form part of the hon. Gentleman's view?

Mr. Holloway: It is tragic. I was in Iraq in the first war as a soldier and in the second war as a television correspondent. I shall never forget being in Kirkuk as the Iraqi Government were falling. Very few European people were around, and I was literally mobbed. This guy who was in the process of looting two incubators from the hospital came up and hugged me because people were so happy and they wanted to thank anybody European. Later, however, there were the sorts of polls that the hon. Member for Leyton and Wanstead (Harry Cohen) has mentioned; I thank him for his intervention.

Not only the Iraqi people were fed up with us by that point. By March-April 2008, the Iraqi Government in Baghdad were fed up with the situation in Basra and believed it to be the fault of the British. As they saw it, we were sitting down at Basra airport in testudo—a tortoise formation—as if we were Roman soldiers with our shields around us. In fairness, I should say that the provincial reconstruction team was still doing its job and that we were still training the Iraqi army. However, our accommodation with the militia and, again, our lack of any clear purpose, prevented us from operating in the city.

It was clear to the Iraqi Government and the insurgents that, at that point, the main British strategy was that there should be no further loss of British life. The Iraqi Government became so impatient with us that on Monday 24 March, Prime Minister al-Maliki personally came to Basra to sort out the problem. My understanding is that no reference was made to the British before he came, although I think that he mentioned it to the Americans—who were not keen, by the way, because at the time they were trying to sort out al-Qaeda in Mosul. Essentially, the initiative was an Iraqi one.

On Tuesday 25 March, Operation Charge of the Knights was launched. Contrary to what the Secretary of State said, UK troops remained at the airport. By Friday, the US deputy core commander had come down to Basra and essentially taken control from the British—speak to the guys who were there. He brought with him Predators, Apaches, more Iraqi troops and firepower. Belatedly, UK military transition teams did give support—it was the 10th Division, I think. I am told that it was marvellous to see how our troops really got their act together and supported when they were given a part. However, it is simply disingenuous to suggest that Operation Charge of the Knights was, after the initial hiccup that has been mentioned, a joint thing.

By June, Amarah had been won back, but not by us; Prime Minister al-Maliki saw us as pretty irrelevant. He blamed us for the accommodation with JAM—although he might have been being disingenuous, because another British general swears blind that al-Maliki's office was consulted about the accommodation before it happened. However, the bottom line was that al-Maliki felt that he was there to clear up the British mess, and that has shaped the UK-Iraqi relationship ever since. Although in Basra there is great respect for British troops, in Baghdad things were not the same because of the lack of any policy or strategy from the top. All along, all the British Government wanted was to get our troops out of Iraq.

Now—guess what?—the Iraqi Government are very enthusiastic to help us with that agenda. The status of forces agreement that will get us out of Iraq will leave us with fewer than 400 military personnel there. The Prime Minister will get the laurels for getting us out of Iraq, and Prime Minister al-Maliki can claim that he kicked the British out and that there is no further need for British forces in Basra. So from 30 June, apart from the people at our large embassy and in the provincial reconstruction teams, we will have only these servicemen and women: those at the naval training team at Umm Qasr, those training officer cadets at "Sandhurst in the sand"—al-Rustamiyah—and logistics and other advisers in the Iraqi MOD. That is down from nearly 5,000 personnel. We will also lose the deputy commanding generals in the multinational force and the multinational corps.

Since 2002, no one has really articulated our strategic relationship with Iraq. What is it? Despite all the good words over the years, it has always seemed as though the stories that we were told about what was happening on the ground were geared towards only one thing—getting us out of Iraq and away from the decision made by Tony Blair in Crawford. Right now, it seems that our strategy is to get out of Iraq before a UK general election, thereby removing a rather awkward election issue. While I agree that it is high time that we left, the manner of our departure and our conduct over the past five years sacrifice a strategic relationship with the second-biggest oil producer in the world and a people who, despite everything that has happened, still hold us in high regard and great affection.

The minuscule footprint that we are leaving behind does not include our highly successful mentoring role with the Iraqi armed forces. We are blowing an opportunity for an Oman-like loan service arrangement. In fairness, the Secretary of State said that the Basra Development Commission, under Sir Michael Wareing, is going well, but will British contracts be so welcomed, relevant or assured without British troops there? As my right hon. Friend the Member for North-East Hampshire (Mr. Arbuthnot) said, others will seem to reap the benefits. Then, of course, our many friends in the Gulf remain nervous of Iraq and its history. We now have a great opportunity to try to break down that mistrust and set up Iraq as a bulwark against Iran's continued export of terror.

The Government's narrative is that the job is done in southern Iraq, but they choose to ignore some of the worrying reports of evolving terror networks, of which the Minister will be aware. Our troops and commanders on the ground have indeed done an extraordinary job. The trouble, throughout, has been a lack of strategy from London. Since our strategy was only ever to get out, we are left with nothing apart from a rather damaged reputation. We have no serious strategy for Iraq, we have no serious strategy for Afghanistan either, and we have no serious strategy for winning the war on terror that I, like everyone else in this House, am quite keen to win.

The truth is that Iraq remains a disaster for the United Kingdom, whatever the long-term benefits to the Iraqi people. As well as all the lives lost, the decision made at that ranch in Texas has acted only as a massive driver of radicalisation across the Muslim world. We are not leaving Iraq or Basra with the job done; we are leaving Iraq with the job made very much harder.

5.13 pm

Harry Cohen (Leyton and Wanstead) (Lab): This is an opportunity to voice a parliamentary verdict on the excursion into Iraq. The Archbishop of Canterbury, in his modest way, called the Iraq war "wrong". It was

[Harry Cohen]

more than that—it was illegal. The whole idea of regime change is illegal under international law. It was said by very many international jurists and experts that it was illegal. Kofi Annan, the Secretary-General of the United Nations at the time, described it as illegal. It was also amoral—it was mass murder for a huge robbery.

During the current recession and the banking crisis, we have heard the phrase, "Small crooks rob banks and large ones own them." The really big boys—the US corporate gangsters—steal countries, and that was the intention in Iraq and how the occupation was pursued. It brought about the deaths of more than 1 million Iraqis, and the deaths of 178 British troops and more than 4,000 US troops, as well as many others, on top of a further 1 million who died in the 10 years leading up to the war on account of sanctions. Five million Iraqi refugees were forced to flee their homes. It was and remains a humanitarian catastrophe.

This time last year, there was a World Health Organisation conference in Geneva, at which it was reported that the Iraqi Government estimated that 70 per cent. of critically injured people die due to the shortage of competent staff, lack of drugs and equipment. The Iraqi Medical Association and Medact said that Iraq did not have a functioning and reliable health service. The situation was so bad that scissors and needles were the only equipment that some hospitals had. There were no chairs or paper, and hospitals were left to decay. There was a lack of ambulances, with stretchers made from cloth and a shortage of medication. Medical training was non-existent or insufficient. Electrical supply to hospitals averaged an hour a day, and could come and go at any time. Access to a hospital or a doctor was a huge problem because there was no security. It was the Iraqi Medical Association that pointed that out.

Oxfam has said that 4 million people regularly cannot buy enough to eat, and 70 per cent. are without adequate water supplies, up from 50 per cent. in 2003 when we went in. Some 28 per cent. of children have malnutrition, up from 19 per cent. when we went in. Because of the climate of fear and the trauma that they have endured, 92 per cent. of children suffer learning problems. Oxfam has also said that there has been a global apathy about all of this, and nowhere more so than in the occupying countries.

Human rights abuses have reached a new low. An e-mail came today from Human Rights Watch, the United States organisation, which has just published its 2009 world report. It is worth quoting two bits from it:

> "The incoming Obama administration will need to put human rights at the heart of foreign, domestic, and security policy if it is to undo the enormous damage of the Bush years";

and Kenneth Roth, the executive director of Human Rights Watch says:

> "For the first time in nearly a decade, the US has a chance to regain its global credibility by turning the page on the abusive policies of the Bush administration…And not a moment too late."

We have reached a new low: Guantanamo Bay, Haditha, Abu Ghraib, Falluja, extraordinary rendition, phosphorous bombs. All that is damaging to us because our credibility in arguing for high standards of human rights around the world, which are very much needed, has been shattered—shot to ribbons.

It has been costly. The hon. Member for Kingston and Surbiton (Mr. Davey) referred to the winner of the Nobel prize for economics, Joseph Stiglitz, and his book "The Three Trillion Dollar War". I have here a review of this book in *Tribune*, which says:

> "Consider just a sprinkling of the Stiglitz-Bilmes catalogues of cost as they attempt to break down the Three Trillion Dollar War: The US spends $16 billion every month on the wars in Iraq and Afghanistan—on top of 'regular' defence spending; By the year 2017, the American taxpayer will have to finance $1 trillion in interest payments alone to cover the cost of borrowing that money; The total bill for the US will be—and the authors insist that this is, deliberately, a conservative estimate—at least $3 trillion; They add that the rest of the world, including Britain, will probably have to find about the same amount again to cope with their own losses."

We will be paying the interest on the debt caused by it. The Liberal spokesman mentioned a figure of £20 billion, but I suspect that it will be more than that.

The situation has damaged UK armed forces. I have served on the Defence Committee, and I have a lot of time and support for members of our armed forces. The majority of them are very brave, but I do not go along with the bluster that we hear in the Chamber about their being the best in the world. They have often been exposed in Iraq as impotent, and too often as venal, as in the cases of Baha Mousa, Camp Breadbasket and the killings at Amarah of people who had been captured.

More seriously, when the Labour Government came to power—again, I refer to my time on the Defence Committee—we were told that our forces would be a force for good. That idea is in the same bin as the ethical foreign policy because of what has happened in Iraq, which is damaging to UK armed forces. The UK has been an active partner in the US ruling coalition.

Mr. Gray: I think that the hon. Gentleman is making a mistake. He is quite wrong in saying that our forces have not been a force for good. It may well be that the Government have done the wrong thing, but to allow the blame for that to be attached to our armed forces seems disgraceful.

Harry Cohen: The hon. Gentleman has misinterpreted my point. I pointed out the quality of the troops, but they have to do the job that the Government and Parliament tell them to do, which has been a disgraceful job. In that sense, they have become not a force for good in Iraq but the opposite of that, given the catalogue of cases that I mentioned.

The UK has been an active partner in the ruling coalition, but it has tried to evade its guilt for complicity in the atrocities of the war and the occupation. Repeatedly, Ministers have answered parliamentary questions by saying, "The US answers for what the US does. Nothing to do with us." But the UK was up to its neck in the policy and the atrocities that followed from it, including the disbandment of the Iraqi Administration under the guise of de-Ba'athification. Many other appalling things also happened as a result of decisions that we made and things that we approved.

I always like to bring a bit of culture to the House, so I wish to quote a man who died recently, Harold Pinter, our Nobel prize winner for literature. He said in his speech when he accepted the prize:

> "We have brought torture, cluster bombs, depleted uranium, innumerable acts of random murder, misery, degradation and death to the Iraqi people and call it 'bringing freedom and democracy to the Middle East'."

He said:

> "As every single person here knows, the justification for the invasion of Iraq was that Saddam Hussein possessed a highly dangerous body of weapons of mass destruction, some of which could be fired in 45 minutes, bringing about appalling devastation. We were assured that was true. It was not true. We were told that Iraq had a relationship with al-Qaeda and shared responsibility for the atrocity in New York of 11 September 2001. We were assured that this was true. It was not true. We were told that Iraq threatened the security of the world. We were assured it was true. It was not true.
>
> The truth is something entirely different. The truth is to do with how the United States understands its role in the world and how it chooses to embody it.
>
> But my contention here is that the US crimes in the same period have only been superficially recorded, let alone documented, let alone acknowledged, let alone recognised as crimes at all.
>
> The crimes of the United States have been systematic, constant, vicious, remorseless, but very few people have actually talked about them. You have to hand it to America. It has exercised a quite clinical manipulation of power worldwide while masquerading as a force for universal good. It's a brilliant, even witty, highly successful act of hypnosis."

That is what Harold Pinter said in his acceptance speech.

I also want to read a poem of Harold Pinter's, called "God Bless America":

> "Here they go again,
> The Yanks in their armoured parade
> Chanting their ballads of joy
> As they gallop across the big world
> Praising America's God.
> The gutters are clogged with the dead
> The ones who couldn't join in
> The others refusing to sing
> The ones who are losing their voice
> The ones who've forgotten the tune.
> The riders have whips which cut.
> Your head rolls onto the sand
> Your head is a pool in the dirt
> Your head is a stain in the dust
> Your eyes have gone out and your nose
> Sniffs only the pong of the dead
> And all the dead air is alive
> With the smell of America's God."

Harold Pinter—worth quoting in the House. We were a coalition partner, who rode along with such policies.

I want to put a few things on the record. On 22 December, the brave journalist Yasmin Alibhai-Brown wrote in *The Independent*:

> "So to the Iraqis, the beneficiaries of our noble 'sacrifices'. This week, Nahla Hussein, a left-wing, feminist Kurdish Iraqi was shot and beheaded for her campaigning zeal. Fifty-seven Iraqis were blown up in Kirkuk. Christians in Mosul are being savagely persecuted and sharia law has replaced the 1959 codified entitlements given to women in family disputes. Women in Iraq have fewer rights today than under Saddam. Yes, there is some normality in parts but tensions between Shias and Sunnis are explosive. When troops are withdrawn next year, expect more bloodshed. The resources of Iraq, meanwhile, are being plundered.
>
> For these blessings, one million Iraqis had to die and their children still suffer from illnesses caused by our weapons and our war. Five million Iraqis are displaced and, of these, the US took in 1,700. It is easier for an Iraqi cat or dog to gain entry to the land of the free… we took in 300"—

against a refugee count of 5 million. That shows a lack of commitment, which Oxfam pointed out.

We were not the second biggest army in Iraqi. Private mercenaries comprised the second biggest army by far. They immediately had immunity under the Bremer arrangements, which we supported, from the law and prosecution. A briefing from War on Want contains a heading "UK companies are making a killing". Some have Members on their boards. Those companies have contracts worth hundreds of millions of pounds.

I want to put on the record the way in which the mercenaries operate. On 19 December, *Tribune* included a review of "Big Boy Rules: America's Mercenaries Fighting in Iraq", a book by Steve Fainaru. It states:

> "This moving book reveals the human cost of Bush and Blair's illegal war in Iraq. Written by Pulitzer Prize winning journalist Steve Fainaru of the *Washington Post*, it follows a group of mercenaries, mainly American, as they roam across a war-torn country immune to any laws of decency, fighting a war by proxy and for profit.
>
> As well as defining the 'fight, survive, get paid' rules under which they operate, he describes the corruption and moral bankruptcy of the American-led, British-supported policies of so-called 'reconstruction'. So-called because it is palpably clear the outcome is to line the pockets of the mercenaries—and the American corporations which employ them—at the expense of the Iraqis."

The article continues:

> "Iraq has proved a magnet for those war-like men from around the world, including Americans, Brits, Aussies, Kiwis, Fijians, South Africans, Peruvians, Chileans and many more, who find fulfilment at the end of a loaded weapon aimed at a fellow human being. Cover-ups are the norm in the shoot first and, if you can be bothered, ask questions later culture of this murky yet officially sanctioned world.
>
> How can people sink to such levels of barbarity? And what does this say for the governments who condone their actions by employing them? There's sadness, too, that Iraq, anxious for change after Saddam Hussein, was condemned to the chaos and pillage of these licensed bandits."

The militias of the various Iraqi groups mirror those mercenaries. Some are run by the Iraqi Government. Many—for example, the facilities protection service, which has killed ordinary Iraqis—do the same job as the mercenaries.

Mr. Holloway: Although I agree with the hon. Gentleman about abuses on the part of some private security companies, the vast majority have been working in support of the reconstruction of Iraq, filling gaps that our militaries have been unable to fill, so I think that he is being a little hard on those companies.

Harry Cohen: They were doing a lot more than that, by the way. The situation was set up by Bush and Rumsfeld and we went along with it, in a privatised war in some ways—I will say more about that—to make profits and fill the pockets of those American gangsters.

There are still unanswered questions about Britain's role in Amarah, about Camp Breadbasket and about complicity in the air strikes. In January last year, 40,000 lb of explosives were dropped on southern Iraq in one day, with a rate of four bombings a day. Then there was the Hercules crash. Questions have been asked about the machinery being brought in. I agree with those asking such questions, but they hide a deeper question: what were those special forces troops who died doing? There had been an election, and it is believed that they had ballot boxes, but they were well outside their area. Just what were they doing? There should be an answer to that.

[Harry Cohen]

Then there is the nest of vipers—the police station. Let me read from the latest book of Tony Benn's diaries, "More Time for Politics". This is from the entry for Tuesday 20 September 2005:

> "The news today, and there was a bit about it last night, is this absolutely sensational story of two SAS officers who were sent in to Basra, one dressed as a Muslim cleric, the other as a civilian, and they were arrested by the Iraqi police and put in prison. This news reached the British Government, or the military in Basra, so they sent tanks and a helicopter, and one of the tanks drove straight into the prison wall, broke it open, 150 prisoners escaped, and the Iraqis then handed over these two British prisoners. This led to a huge riot outside the prison. The tanks were set on fire with petrol bombs, and the people inside escaped with their lives. The Government simply said they were glad to rescue people. They didn't say what they were doing. But it told you that the Iraqi police now hate the British, and they're supposed to have been set up by the British to deal with the insurgency. So it's just an example."

I raised the issue in the House at the time. The then Defence Secretary described those involved as murderous, saying:

> "I have not yet heard anybody describe that particular unit as an 'alleged' murder squad. I have never seen the adjective 'alleged' used about that by anybody."

so he effectively said that the Iraqi police were murderers. Then he said: "The fact that they"—the British Army—

> "physically destroyed that police station was iconic to the people of Basra, many of whom celebrated the fact that that nest of vipers had been removed."—[*Official Report*, 22 January 2007; Vol. 455, c. 1138.]

I have asked several questions about that, but let me take a short cut and get to the most recent one. The current Defence Secretary said that it was too difficult

> "to be certain of the identity and background of individuals detained,"

that

> "there are no reasons to believe that there were outstanding arrest warrants against any of"

them and that

> "they were released because of a judgment that they no longer represented an imperative security threat."—[*Official Report*, 26 November 2008; Vol. 483, c. 1551W.]

So much for a nest of vipers—those people were actually the police.

I want to turn to Operation Charge of the Knights, because it has been claimed, including by the hon. Member for Gravesham (Mr. Holloway), who spoke before me, that it was a case of UK cowardice—*[Interruption]*—or rather incompetence. I think that that is a false allegation.

Mr. Holloway: I categorically did not refer to British cowardice in Operation Charge of the Knights—on the contrary, the absolute reverse—on the part of our military transition teams. All I said was that Britain's involvement, in terms of our command chain, was late. That is all I said.

Harry Cohen: I accept the hon. Gentleman's point, but that is an implication.

Let me read what Sir Jock Stirrup, the head of our defence forces, said in a speech on 1 December:

> "So I want...to lay to rest some of the myths that have emerged,"

including the myth that we

> "failed to support the Iraqis during charge of the knights."

He continued:

> "The UK made repeated attempts to deal with extremist militia violence in the south east. We planned and sought to execute numerous Special Forces operations."

Presumably that includes the ones where people were dressed in Arab headdresses or dressed as Muslim clerics. He went on:

> "We also developed Operation Salamanca—an ambitious, comprehensive and hard-edged plan to confront and subdue the militias. All of these combined powerful offensive action with stabilisation and development activity. But each was, in the event, emasculated. Then, suddenly, Prime Minister Maliki decided that he personally was going to lead the Iraqi army into action in Basra, and that he was going to do it immediately. There was little in the way of planning, limited intelligence, no preparation of the battlespace—just get on with it. I have to say that we felt rather torn by this decision. It was, from a professional perspective, no way to launch an operation. On the other hand, the Iraqi Prime Minister was giving the political lead we'd been seeking all along. In any event, as our American colleagues in Baghdad said, this was an express train that couldn't be stopped... We were asked to provide air support, but there were no precise targets and huge uncertainty over the location of civilians and the dangers of collateral damage."

That was Sir Jock's point, but I want to make the point that our whole role has been an interference in the electoral process. There is an electoral dispute, a political one, between al-Maliki's forces and al-Sadr's forces, and we have increasingly been on the side of al-Maliki. We have been interfering, and Operation Charge of the Knights was part of that process to try to deliver the election and to defeat al-Sadr. That is not our role. Our British troops should not be dying as a result of interference in the Iraqi political process. I think that that is atrocious. Another point relates to the special forces. Our troops that are going to remain in Iraq will be special forces, again taking action and interfering, I suspect, in the election.

There has also been massive embezzlement. On "Panorama" in June, Jane Corbin's programme "Daylight Robbery" talked about the $23 billion intended for the reconstruction of Iraq, which was embezzled, overpaid or which simply vanished in the form of $10,000 bundles. My last major quote comes from "Shock Therapy" by Naomi Klein, which really illustrates the robbery involved. She says:

> "The nonstop conveyor belt was part of what was so enraging to Iraqis about the U.S. insistence that they adapt to a strict free market, without state subsidies or trade protections. In one of his many lectures to Iraqi business-people, Michael Fleischer explained that 'protected businesses never, never become competitive.' He appeared to be impervious to the irony that Halliburton, Bechtel, Parsons, KPMG, RTI, Blackwater and all the other U.S. corporations that were in Iraq to take advantage of the reconstruction were part of a vast protectionist racket whereby the U.S. government had created their markets with war, barred their competitors from even entering the race, then paid them to do the work, while guaranteeing them a profit to boot—all at taxpayer expense. The Chicago School crusade, which emerged with the core purpose of dismantling the welfare statism of the New Deal, had finally reached its zenith in this corporate New Deal. It was a simpler, more stripped-down form of privatization—the transfer of bulky assets was not even necessary: just straight corporate gorging on state coffers. No investment, no accountability, astronomical profits."

She went on to say:

> "The Bush Cabinet had in fact launched an anti-Marshall Plan, its mirror opposite in nearly every conceivable way. It was a plan guaranteed from the start to further undermine Iraq's badly weakened industrial sector and to send Iraqi unemployment soaring. Where the post-Second World War plan had barred foreign firms from investing, to avoid the perception that they were taking advantage of countries in a weakened state, this scheme did everything possible to entice corporate America (with a few bones tossed to corporations based in countries that joined the 'Coalition of the Willing'). It was this theft of Iraq's reconstruction funds from Iraqis, justified by unquestioned, racist assumptions about U.S. superiority and Iraqi inferiority—and not merely the generic demons of 'corruption' and 'inefficiency'—that doomed the project from the start. None of the money went to Iraqi factories so they could reopen and form the foundation of a sustainable economy, create local jobs and fund a social safety net. Iraqis had virtually no role in this plan at all. Instead, the U.S. federal government contracts, most of them issued by USAID, commissioned a kind of country-in-a-box, designed in Virginia and Texas, to be assembled in Iraq. It was, as the occupation authorities repeatedly said, 'a gift from the people of the United States to the people of Iraq'—all Iraqis needed to do was unwrap it. Even Iraqis' low-wage labor wasn't required for the assembly process because the major U.S. contractors such as Halliburton, Bechtel and the California-based engineering giant Parsons preferred to import foreign workers whom they felt confident they could control. Once again Iraqis were cast in the role of"—

Madam Deputy Speaker (Sylvia Heal): Order. The hon. Member knows that quotes should be much briefer, but I hope that he will now draw his remarks to a conclusion.

Harry Cohen: I shall do that; the point is made. The oil robbery is another part of it, with UK-US companies having a monopoly, conferring massively advantageous deals to export profits from Iraq for years to come.

I will conclude. There is exhaustion at the killing in Iraq; that is why it has slowed down, but the occupation continues. I think that many of the mercenaries will stay, US forces will certainly stay and even some of our special forces will stay, although most will move on to the next war in Afghanistan or possibly Iran. The opposition in Iraq will, however, continue. People will want their country and their own resources back. It has not been a victory in the sense of getting a decent job done. It has been a defeat and a failure—a country devastated and a people made much poorer, the infrastructure destroyed and resources stolen. Our opponents everywhere have been strengthened by that failure. Iran certainly has. The risk to us has been increased enormously. We need to get out totally.

I come to my final point. Yesterday saw the final press conference of President Bush, who said that

> "even in the darkest days of Iraq… we had fun".

What a swine!

5.41 pm

Mr. James Gray (North Wiltshire) (Con): I rise briefly and with some trepidation because all this afternoon's speakers, at least until recently, have been extremely well informed, extremely balanced and extremely intelligent in their approach to what is, after all, a hugely controversial episode in our history and the history of the middle east. The hon. Member for Leyton and Wanstead (Harry Cohen) had some sensible things to say although, sadly, he wrapped them around with some things that were demonstrably incorrect. I particularly regretted the way he allowed his dislike of what happened in Iraq somehow to be transferred to our troops.

The first thing I would say, speaking partly as chairman of the all-party group for the Army, is that no matter what we think of what happened in Iraq—I was one who did not support the invasion in the first place—all in the House should be absolutely resolute in saluting our armed services. They do a job that we would not do under any circumstances; and they do it in circumstances that we cannot even imagine. They are among the most professional in the world. I do not believe that what they do should be called "grandstanding", to use the hon. Gentleman's expression; the fact of the matter is that our troops are simply superb. It is right to pay tribute to their efforts in the most horrendous circumstances over the last five years.

Before I forget, I should say that on 23 February this year we will see the return from Iraq of the 7th Armoured Brigade. They will come to the House of Commons under the aegis of the all-party group for the Army, and I hope very much that they will march in to the north door of Westminster Hall, as they did last time round, and that all hon. Members will be there to welcome them back from their duties in Iraq. I hope to continue that movement with other armed services in the future.

In that context, let me pay tribute to the people of Wootton Bassett in my own constituency who—week in, week out, and often two or three times a week—turn out in their hundreds along the High street to pay tribute to the coffins that are flown back through RAF Lyneham in my constituency. What a superb job the people of Wootton Bassett do. I wish that more people across this nation and across the world paid that sort of tribute to the services that our armed forces give to all of us.

I was not supportive of the original invasion of Iraq. At the time, I was serving as junior shadow Defence Minister under my hon. Friend the Member for North Essex (Mr. Jenkin), who spoke so well a few moments ago. He knows that we differed on that issue and that I moved on—partly as a result of that difference of opinion—to become the shadow Minister with responsibility for rural affairs.

Mr. Richard Bacon (South Norfolk) (Con): Speaking as someone who voted against the Iraq war, I am familiar with the Conservative Members who did so, and there were not many of them. Is my hon. Friend saying that he voted against the war?

Mr. Gray: I am grateful to my hon. Friend for his intervention. That is, of course, a matter for the record. I did not say that I voted against the war, but it was clever of him to pick it up. It was a three-line Whip, and the Whips persuaded me that unless I was going to resign from the Front Bench, it would not be possible for me to vote against the war. A number of my colleagues who were strongly opposed to it resigned their posts, but I accepted the Queen's shilling and continued on the Front Bench. However, I did abstain and wrote, as I think my hon. Friend the Member for North Essex will confirm, an extremely strongly worded internal memo within the Conservative party seeking to persuade it not to support the Government. My record on that is fairly clear.

However, that is ancient history. I mentioned it to make the point that despite that fundamental opposition to the war, I am one of those who would agree with

[Mr. Gray]

most hon. Members who have spoken in saying that getting rid of the vile dictator Saddam Hussein is of course greatly to the benefit both of the people of Iraq and of the people of the world. There is no question about it: the Iraq that we have today is vastly better than the Iraq we had 10 years ago. I am still not convinced that what we did was justifiable under international law, but the end result is much better than the situation we had then. I hope that people will not think that that is a case of winning both sides of the argument. I do not think we had the justification to go in, but none the less my suspicion is that the end result is better than the end result we would have had had we not gone in, if that is not too Irish.

The debate is not about why we went into Iraq; it is about the future strategic relationship with Iraq. My right hon. and learned Friend the Member for Kensington and Chelsea (Sir Malcolm Rifkind) asked an interesting question of the Secretary of State—namely, are we talking about our military connection with Iraq in the future? If that is the case, it is fairly obvious that we do not have one, with the exception of 300 or 400 advisers, naval and military personnel and so on. I suspect that the purpose of the debate is to consider where we see Iraq coming into our strategy with regard to the rest of the world, and I shall return to that matter.

There are three pitfalls into which we should not allow ourselves to fall, although a number of hon. Members did fall into them. The first pitfall, which the Secretary of State fell into to a degree, is to stand up and say, "Didn't we do a fine job in Iraq? Job done. Now we must leave." One of the finest speeches that I have heard, certainly in this debate and for quite a long time in the Chamber, was by my hon. Friend the Member for Gravesham (Mr. Holloway), who exploded that easy conclusion. His chronology of the conflict in Iraq over the past five years exploded the notion that what we did was right, that it was a brilliant campaign for five years, and that we can now pat ourselves on the back and say, "Job well done. Now we can leave Iraq. Thank goodness for that." That notion is entirely wrong. It is not a job well done. An awful lot of fundamental mistakes have been made, and some of the things that we are leaving behind in Iraq are significantly worse than they would have been had we handled events differently. I pay tribute to my hon. Friend and hope that if people read nothing else from this debate, they read his speech, which is worthy of a wider audience. It summed up the problems going forward in Iraq.

Mr. Bacon: I share my hon. Friend's admiration for the speech of my hon. Friend the Member for Gravesham (Mr. Holloway). My hon. Friend the Member for North Wiltshire (Mr. Gray) said he thought that things were undoubtedly better in Iraq as a result of the military intervention. Does he think that they are better for women, or worse? Does he think that they are better for Christians, or worse?

Mr. Gray: I know that my hon. Friend has had important engagements elsewhere and has unfortunately not had the opportunity to be in the Chamber for the whole debate. I am glad that I have given him the chance to intervene on me twice even though he has not been here.

The situation of women and Christians has been extensively covered in the debate. My answer to my hon. Friend is yes, the lot of women and Christians in Iraq is vastly better than it was for dozens of years under that vile dictator Saddam Hussein. If my hon. Friend is implying that the lot of women and Christians is worse today, I challenge him to support his allegation. It is simply not true. Of course the lot of women and Christians, and that of most Iraqis, is vastly better under the present regime than it was under Saddam Hussein.

The second pitfall into which we should avoid falling, and one or two hon. Members moved gently in this direction, is to say that all these things are fog of war—that why we went into Iraq in the first place is ancient history; and that some of the things mentioned by my hon. Friend the Member for Gravesham just happen, that we should not spend too much time on them and that we must move on. I do not believe that that is correct.

I believe that the five or six years of the run-up to the conflict in Iraq and the conflict itself are an enormously significant part of our civilisation and history. I think it important for us to analyse what we did and especially what we did not do, partly because we risk doing something similar in Afghanistan and elsewhere—possibly in Pakistan. Who knows? We should analyse extremely carefully what we did not do, paying particular attention to the lack of a reconstruction plan when we went into Iraq in 2003, and we should do so in public. There should be a full public inquiry as soon as possible.

The Government seem to be hiding behind the notion that it is not possible to hold an inquiry while the troops are still in Iraq. They did not adopt that stance in relation to the hugely expensive and detailed inquiry into Bloody Sunday: although our troops were still very much deployed in Northern Ireland, they decided to proceed with it. We are now committed to removing our troops from Iraq by the summer, and I hope that the Government will move extremely speedily to ensure that a detailed analysis takes place—before the House rises for the summer recess, at the very least—of exactly what happened in Iraq, and how we have handled the situation since then.

As for the third pitfall, we should avoid the temptation to breathe a sigh of relief, something I have detected in some of the Government's public pronouncements in particular. People have been saying, in a vague way, "Whew! Thank goodness that is all over. Now we can move forward. We may have to deal with Afghanistan, of course, but Iraq is under control. We are worried about Gaza and the Palestinians, but, although we had an awful time in Iraq, that is now dealt with. It's over and finished." That strikes me as a fundamental mistake. There are still huge elements of terrorism in Iraq: at this moment, terrorist networks of all kinds are developing and growing there. The country remains one of the conduits through which a large part of the drugs trade enters the west, and where there are drugs there is an enormous amount of money and criminal activity.

The notion that Iraq represents a job done and we can now take it easy is extremely foolish. It is some 80 or 100 years since Churchill concluded that the Mesopotamian question was unanswerable, and it is as unanswerable today as it was then. If we ignore the place—if we turn our back on it and say, "That's that; let's move on to something else"—we shall be asking for trouble, and Iraq could become the kind of place that it was before and under Saddam.

Iraq is enormously important to us strategically. On one side is Iran, with Afghanistan beyond it; Pakistan and India are currently looking at each other across their nuclear buttons; there is currently Iranian support for Hamas in Gaza; and Iraq stands in the middle of all that. We hope that it is beginning to look like a reasonably stable, reasonably sensible nation, for we desperately need a stable Iraqi regime in the middle of the huge inferno which may erupt across the middle east, but we can achieve that only if from now on we provide in spades the diplomatic, political, economic and commercial support that we have been discussing.

We must support Iraq in ways we support almost no other nation in the world for many years to come. Only if we do that can we hope to allow the professional classes to run their country again. After all, Iraq has always been a very professional nation, containing a group of competent, professional, intelligent people who have not been allowed to do their jobs for many years. If we provide the commercial, diplomatic and political support that they need, Iraq will stand some chance of becoming a stable, sensible, liberal democracy in the middle of a troubled region.

I believe that at this moment, as we withdraw militarily from Iraq, we have an opportunity to hand the place over to the Iraqis in a sensible, democratic and supportive way. It is a superb opportunity, and we must not let it slip through our grasp.

5.54 pm

Mr. Tobias Ellwood (Bournemouth, East) (Con): It is a pleasure to participate in this important debate, and may I echo the remarks of my hon. Friend the Member for North Wiltshire (Mr. Gray) on our concerns about the absence of an inquiry? I agree with him that the reasons for an inquiry were illustrated with great enthusiasm and in great detail by my hon.—and gallant—Friend the Member for Gravesham (Mr. Holloway). If anyone reads the *Hansard* record of this debate, they will find that his contribution provides a fantastically good chronology of all the key issues—which, incidentally, were not covered by the Prime Minister in his statement in December, and which certainly were not touched upon in the Secretary of State's opening remarks. My hon. Friend explained precisely why we need to go into detail and understand a little more about what has been happening in respect of our military and various Whitehall Departments in Iraq over the past five or six years.

This debate is a poor substitute for a full inquiry into the Iraq war—a war that has cost us £7 billion and almost 200 British lives. I agree with those Members who said that we were very pleased with the situation in Iraq now, but the big question is why has it taken us so long to get to this position where we can almost pause and take stock and say, "We are pleased with where Iraq has got to"? We could have been in this position much earlier if we had gone into Iraq with more of a plan than we had in March 2003. It is hard for me to say this, as I am one of the service personnel who has served in a number of operational environments and was part of the regiment that retreated from Basra palace to the airport, but in my view Britain has been humiliated by operations in Iraq. Not since Suez should we hang our heads in such shame, and scratch our heads and ask what went wrong. This is a political failure, not a military one, however. We cut our troop numbers too fast, we reconstructed too slowly and we eventually lost control completely.

As we have heard, we had responsibility for Basra and the surrounding regions in southern Iraq: Operation Telic and the Multi-National Division (South-East). Basra should have been an easy area for us to take control of and to start to develop once the initial level of security was maintained. The area was no friend of Saddam because of its isolation after the uprisings following Operation Desert Storm. There was euphoria when Saddam was toppled, but that was short-lived and security became very fragile until it eventually disappeared completely and was replaced by a vacuum. That is why I was astonished to hear the Secretary of State say in his opening remarks how pleased he was that we had extinguished al-Qaeda in Iraq. It was not there in the first place; for us to pat ourselves on the back and say, "Well done," is completely wrong, because we allowed it to step in and take advantage of the absence of any security in the first place.

Of course, when there is no plan, individuals take it upon themselves to rule themselves. Looting began, petty crime increased, gangs formed and eventually the enemy, including al-Qaeda, was able to reorganise and move into Iraq as a whole. Eventually, these gangs formed into militias, mostly according to ethnic groupings, and that led to the formation of the great Mahdi army.

We should listen to some of the voices on such matters. General Sir Michael Jackson has been quoted many times in this House. He made it very clear that

> "the taking of Basra city by 7 Armoured Brigade was a brilliant operation".

All of us should pay tribute to that operation and the skill and brilliance of our troops. However, he then goes on to say that there was a fundamental

> "lack of a coherent reconstruction plan".

When I spoke to some Department for International Development civil servants, I was astonished to hear that in the days leading up to the invasion of Iraq in March 2003, a message went round from the then Secretary of State for International Development telling all directors not to do any planning whatever because they were not even sure whether the war was legal. This was at the same time as the Ministry of Defence was moving in up to 40,000 troops—many of whom were already in the theatre of operations in any case—so clearly there was not any thought about what to do once our military had moved into position.

The Ministry of Defence has recently produced a thick glossy document "UK Defence", which goes through all aspects of our military campaigns. Page 70, which refers to Operation Telic five years on, states:

> "The campaign since March 2003 has proved to be one of the most complex and challenging ever undertaken by the British armed forces."

The former Defence Secretary and the Foreign Secretary have both said that mistakes were made in British conduct in the aftermath of the initial fighting. That shows how important it is to have an inquiry. Five years on, we can see what our armed forces have been doing.

[Mr. Tobias Ellwood]

Until recently, they were involved in intense fire fights, benign patrolling and low-key reconstruction projects, funded mostly by the United States, not the British.

There have been important successes. There has been a referendum on the new constitution and there have been subsequent elections. Most importantly, we have avoided civil war, which I was concerned about. I say that with caution, because, as I said earlier in an intervention, regional elections have been deliberately delayed by the central Iraqi Government because of worry about where they might lead if people vote for ethnic alliances, with polarisation of the electorate, perhaps leading to more instability and then conflict. That is a concern, and we must monitor the situation very carefully.

Those huge failures all point to Great Britain's inability to conduct post-conflict operations, and Whitehall's lack of organisational ability to deal with the cross-over between political and military situations. It was sad to hear the Defence Secretary paint such a rosy and positive picture of our retreat from Iraq. It is not positive, and there is huge frustration in the military that the job could have been done so much better had there been more support from Whitehall. The euphoria of 7th Armoured Brigade when it went into Basra back in March 2003 disappeared after the summer of 2007 with the withdrawal from Basra palace to the airport by my regiment, the 4th Battalion The Rifles. That has been discussed again and again in this debate.

Prime Minister al-Maliki said of the withdrawal from Basra palace to the airport that

> "Basra has been left to the mercy of Militia men."

Whose decision was it to make that retreat? It was probably a wise decision at the time because, by then, we had become part of the problem. If it was the right call, as the Government say, why was it necessary to have the huge operation—the Charge of the Knights—in March 2008, to which reference has been made repeatedly during the debate?

Basra is controlled not by Britain, but by the Iranian-backed militia. Without sufficient forces and political will, the UK was sidelined. Three thousand US marines took part in the operation, and Britain played catch-up. I am sorry that we have been almost misled in the House and that our role in that operation has been built up. We did not do ourselves justice. We were late in becoming involved in the battle, and it was the US—with, I believe, the 14th Iraqi Division—who supported the Iraqi 10th Division. Prime Minister al-Maliki referred to that in his statement. It was misleading for the House to be given the impression that things were going so well, and it is sad that the Defence Secretary has not provided a more accurate picture.

Given that we try so hard to sit at the world's top table and given all our nuclear weapons, a place on the Security Council and a century of war-fighting experience, it is amazing that we could not even hold a medium-sized conurbation. Right now, we are huddled in Basra airport in an overwatch role. During my long time in the armed forces, I never heard what an overwatch role is. I am afraid that our prestige has been damaged, and we have been replaced not by Iraqi soldiers, but by US soldiers. They are now training the police, mentoring the border guards and teaming up with the Iraqi army. We cannot say that our job is complete when we are not handing over to the people we went to Iraq to help in the first place.

That prompts the question of what our objective is. Is it to deploy troops to southern Iraq and spend £7 billion only to hand over to the US forces? That cannot be right. How can the Prime Minister dare to say that our task in Iraq has been achieved? As I have said, how can we congratulate ourselves on removing al-Qaeda from Iraq when it was not there in the first place?

I have made the case for a full inquiry and I believe that that case has never been more convincing. Serious questions remain, in my view, about the interpretation of the intelligence that justified the invasion in the first place. My hon. Friend the Member for Gravesham talked about how plans were being considered before and during 2002 before troops went anywhere near Kuwait or the surrounding countries. In fact, I can tell him that General Franks, who was in charge of US Central Command at the time, received a call from President Bush, through Rumsfeld, in November 2001, just after the invasion of Afghanistan, to say, "Please can you look at your invasion plans for Iraq?" That was in November 2001. It was the first call I saw in which the invasion of that country was being considered.

The UK's clear failure to manage the peace is very worrying, as is the absence of a UK plan for reconstruction and of coherent leadership from Whitehall. In 2003, following the invasion, we had no plan, no strategy and no idea. We did not know how to harness the euphoria after the fall of Saddam and to sow the seeds of governance. Without a plan, nothing really happens, and we went from being liberators to being occupiers. Where was the army of civil servants, linguists, engineers, planners, trainers and local governance experts? Where were the people who could come in behind the British military, start dealing with all those issues and start nation building?

We have heard about the importance of Umm Qasr, the deep water port. Why was not energy put into getting that port working? We are talking about it now, but it should have happened in the important first 100 days, when hostilities had ceased. Likewise, the bridge that is now being planned over the Shatt al-Arab waterway should have been built straight away. Those high-profile events would have shown the locals that we meant business and wanted to help them, and we would have been seen not as occupiers but as liberators.

We did not harness local talents. The fundamental difference between Iraq and Afghanistan was the wealth of experience and talent in the country in the first place, which was completely ignored. It goes back to the most fundamental schoolboy error of the war, made by either Jerry Bremer or Bush, which was the dissolution of the Iraqi army on 23 May 2003 and, just a week before, the outlawing of membership of the Ba'ath party. That immediately alienated 40,000 teachers and as many nurses and doctors who had no choice but to participate in the party, because it was the only way in which they could move forward. Why did not Britain oppose that decision? Why did Britain not question the logic of getting rid of the basic army and having to start all over again?

There are many lessons to be learned from Iraq that could prevent the mistakes from being repeated in Afghanistan. Our failure to take advantage of the fragile umbrella of security, to win over hearts and minds and to push forward development has resulted in Afghanistan in a second surge taking place in Helmand province, involving 20,000 troops in an area for which we are supposed to have responsibility.

There are many lessons to be learned about the entire process of what has been called the "awakening", involving the funding of militias in Anbar province. That has not really been done in modern warfare and modern development and the jury is out about whether it works. Yet again, there are lessons to be learned. The same sort of initiatives are being considered by General Petraeus for Afghanistan, but all those opportunities are being lost because we have not learned from the discussion resulting from a proper inquiry.

We do not have proper stabilisation capability—such a thing is absent from the British mindset. We need to take a thorough look at the relationship between the MOD and DFID. At present, DFID spending, over all operations, is just 1 per cent. of military spending. That is completely wrong if we are to win over hearts and minds in the crucial 100-day period to which my hon. Friend the Member for North Essex (Mr. Jenkin) referred. As I think he said, DFID does not do danger, but it does some things very well indeed, such as tackling poverty. There has been a revolution in military warfare—from a cold war to a counter-insurgency stance—but we have not seen the same revolution in reconstruction and development. Britain is behind in that area, which is why I propose that we move a slice of money from DFID's £5.6 billion budget to the MOD and create a new stabilisation force of brigade capability that is able to start doing important reconstruction tasks in that initial two or three-month period. When things have been seen to move forward, the force could hand over to contractors, non-governmental organisations and the DFIDs and USAIDs of this world. Until that happens, there will be vacuums in Iraq and Afghanistan.

We regularly pay tribute to the commitment and professionalism of our armed forces and the sacrifice they make for our country, but in the long history of our military engagements Iraq was far from our finest hour. That was no fault of our armed forces; blame is firmly on the shoulders of Whitehall, which failed to plan for peace. Consequently, the UK's reputation as a reliable and competent country, willing to step forward when others are unable or unwilling to do so, has suffered. An inquiry into the war in Iraq will show that the fault was not in the way our military fought the war, but the incompetence of the Government in managing the peace. For that reason, the Government continue to find excuses to delay that important review of what went wrong. It is no wonder that we are repeating many of the same mistakes in Afghanistan. It is shameful that the Government do not take responsibility for their actions and acknowledge the shortfall in Britain's post-conflict capability.

6.12 pm

Mr. Andrew Pelling (Croydon, Central) (Ind): Whatever our discussions about how affairs in Iraq have progressed, it is important—as the hon. Member for Bournemouth, East (Mr. Ellwood) has said—that the message is sent that we give our heartfelt thanks to the Army and the families for all their sacrifices serving our country and for trying their best to serve the people of Iraq. I was struck by the hon. Gentleman's speech and by those of the hon. Members for Gravesham (Mr. Holloway) and for North Essex (Mr. Jenkin) in terms of their frank and direct analysis of the unfortunate debacle that has been Iraq.

It is important for us to look forward, however, at how the strategic interests of the UK and our strategic relationship with Iraq can progress in the interests of all. It is certainly a pleasure for me to speak after so many Members who have real expertise on the ground in Iraq. My particular interest is that there is a large Kurdish community in my constituency and recently, unfortunately, Christian refugees from Iraq have come to Croydon.

Our current departure from Iraq is not the first time we have left the region with many issues unresolved and with difficult choices facing the Government as to how such issues can be pursued in the interests of all. We all know that there is continuing unhappiness about the promises made by our Government, and indeed by the League of Nations, to Assyrians and Kurds, as a result of the settlements after the first world war.

Perhaps we can take some confidence from the fact that our country's involvement in both the first Iraqi conflict in the 1990s, and the more recent Iraqi conflict, has left Kurdish areas with a strong sense of autonomy. It was perhaps the sensible and wise decision of John Major and our allies to impose a no-fly zone over Kurdish areas that has allowed that area relative prosperity and autonomy. I have, over the years, enjoyed meeting members of the Kurdish Parliament who have visited the UK. It will be interesting to hear what expectations the Minister of State, Foreign and Commonwealth Office, the hon. Member for Harlow (Bill Rammell), has for the continuing relative autonomy of that area when we and the Americans have left.

I know that the Minister is concerned about the issue of Christian minorities in Iraq, and that he met a number of representatives from Christian communities just before Lord Alton held a meeting in the House of Lords on the subject. I attended Lord Alton's meeting. It is interesting, historically, that Aramaic, the language of Jesus, is still spoken in northern Iraq. Disturbingly, 150,000 Christian refugees find themselves outside Iraq after the many murders and pogroms that took place last autumn. In the context of the strategic progression of our relationship with Iraq, I would be interested to hear what possible solutions the Minister sees to that continuing problem.

It is not fashionable to express concern about the persecution of Christian minorities, but this is a real, serious concern, and I know that the Government take it seriously. It strikes me that there are three options to pursue, all of which may be difficult for the Government to face. The first is to take the approach that was taken towards the Ugandan Asians—that is, to take the view that we should be far more liberal in allowing Christian refugees to leave the middle east and come to the United Kingdom. Another approach is to be realistic and take the view that the Kurdistan regional government has a role in protecting any Christians who might choose to return. In reality, probably half the Christian population of northern Iraq has now left the country.

[Mr. Andrew Pelling]

There are also those Christian communities that left northern Iraq in the 1980s. The situation depends on our ability to influence the Iraqi Government, either by ourselves or through the Americans, to give proper reassurance that land that was taken from those groups in the 1980s will be returned.

There are a number of other minorities. One group in particular, in northern Iraq, also needs consideration—the Mandaeans, 80 per cent. of whom have already left Iraq. Clearly, consideration needs to be given to them. Another minority that has suffered greatly in Iraq for a number of decades is the Faili Kurds, who come from south and central Iraq. They were forced by Saddam Hussein to march in front of the front line during the conflict with Iran, even though they were enemies of the state. They were slaughtered by Iranian fire—it is a very sad story. Perhaps, as we depart from Iraq, we can find a solution that allows their return to Kurdistan.

Important issues have been raised in this debate, and I know that the Minister will find it hard to answer the many questions that have been posed. It would be interesting to know what the Government think will happen when our American allies also leave. What is the risk of civil war? What can we do in the short and medium term to influence the American Government to influence the Government in Baghdad to deal with the concerns raised in the debate by the shadow Secretary of State for Defence? The shadow Secretary of State expressed his concern that the upcoming local elections could be abused and freedom could be restricted by direction from central Government.

We have an interest in continuing stability in northern Iraq and in Kurdistan. I know that it is not appropriate ever to give consideration to the creation of Kurdistan, even though that was an undertaking given by UK Governments at the beginning of the 20th century. It would be interesting to hear the Government's approach to continuing Turkish incursions into northern Iraq after the withdrawal of our troops and those of our allies from Iraq.

Compared with all those concerns, business issues do not seem so important, but trade and prosperity ensure that peace can be more easily maintained in an area that will continue to suffer great instability. It is important to note that because of the relative autonomy of Kurdistan or Kurdish Iraq, despite all the recent troubles in Mosul and Kirkuk, there is greater prosperity there. Because the Kurds have had to live under many different regimes, countries and empires over the years, they are very good as a trading nation. I hope that the Government will continue to support the interests there.

As the right hon. Member for North-East Hampshire (Mr. Arbuthnot) said, Iraq could and should be one of the richest countries in the world. It is, after all, the very cradle of modern civilisation. Let us hope that despite the debacles, the Government's good efforts to tackle the difficult issues that remain will deal effectively with the concerns raised by many hon. Members in the debate today.

6.22 pm

Mr. David Lidington (Aylesbury) (Con): The debate has been mostly thoughtful and, on occasions, passionate. I would draw out from it three themes which have been expressed by most contributors in all parts of the House. First, there has been pride in the courage and professionalism of our armed forces. Secondly, there has been regret at the enormous cost of the Iraq war and the subsequent violence, the deaths, the physical and mental scars, the refugees who have gone to neighbouring countries and the many displaced families within Iraq. Thirdly, throughout the debate there has been an expression of hope that Iraq can at last, after turmoil and suffering, look to a more stable and prosperous future. That hope has been coupled with a determination across party political boundaries in the House to help the people of Iraq meet the challenge of reconstructing their economy and society.

There have been a number of noteworthy speeches. Everyone in the House enjoyed the contribution from the hon. Member for Pontypridd (Dr. Howells) relishing his new-won freedom, and the words of the right hon. Member for Cynon Valley (Ann Clwyd), who spoke with an acknowledged history of commitment and dedication to the welfare and rights of the ordinary people of Iraq that is unmatched in any part of the House.

The hon. Member for Stockton, South (Ms Taylor) and my right hon. Friend the Member for North-East Hampshire (Mr. Arbuthnot) made telling contrasts between the violent society that they had observed in Iraq just a couple of years ago and the more peaceful state of affairs that prevails today. As we all know, our troops will, in large part, be coming home in about six months. In that context, I want to raise one point that has not been alluded to so far. I ask the Minister to give a clear pledge that when the troops return we will not abandon any of the Iraqis who put at risk their lives and the safety of their families by working for the British armed forces or the British administrative authorities in Iraq. Those people deserve more than our thanks—if their lives are at risk on account of what they did on behalf of our forces or civilian staff, they deserve our sanctuary as well. I hope that the Minister will be able to guarantee that the cases still being considered will have been properly and fairly decided by the time the troops pull out and that the Government will have arrangements in place to deal properly, fairly and sympathetically with any new cases that come to light after July this year.

The main point of disagreement in what has been a considerably consensual debate has been about the case for an inquiry into the decision to go to war and into the subsequent conduct of the war. Various speeches, notably that of my hon. Friend the Member for Gravesham (Mr. Holloway), but also that of my hon. Friend the Member for Bournemouth, East (Mr. Ellwood), have highlighted particular examples of when things went wrong and where it would be sensible, and good government, to learn and apply the lessons. We heard about the lack of a proper reconstruction plan and about the last-minute switch in the plans, when British forces deployed not in northern Iraq but in the southern provinces. We heard about the lack of adequate planning to ensure that reconstruction and development work was brought in swiftly in support of the Army. I cannot help adding that with hindsight it would have been helpful had there been at the time a Secretary of State for International Development who was interested in planning to work in support of the armed services. The Prime Minister of the time carries a responsibility for not ensuring that his Ministers were acting in a properly co-ordinated fashion.

We need an inquiry for two reasons. First, we must learn the lessons. Secondly, we must establish what, as is evident from this debate, is still lacking—a degree of consensus about the facts. As I contrast what my right hon. Friend the Member for North-East Hampshire said with what the hon. Member for Leyton and Wanstead (Harry Cohen) said, I find not only disagreement about how to interpret particular events, but profound disagreement about what actually happened. A serious inquiry by Privy Counsellors, with access to all the people and documents relevant to the decision to go to war and its subsequent conduct, would establish what happened with greater clarity.

I was disappointed by the Secretary of State's comments on that point. For the most part, I agreed with his speech and thought it a high-quality contribution. However, he seemed to be saying that the time was not yet ripe for an inquiry and that the Prime Minister would take a decision in due course. The Government gave no hint about the criteria that they would use to decide when the time was finally right to hold such an inquiry. Will it be the end of July, when the bulk of the troops come home? Will it be after the 400 troops left to train Iraqis are withdrawn? Will there be a delay until the very last military adviser of any kind is finally brought home from Iraq? I have to say to the Secretary of State, in sorrow rather than in a spirit of outrage, that his response on this point did not do him justice. We heard the voice of the Secretary of State, but we got the words of the Prime Minister. We got secrecy, not openness, and in place of accountability, we got evasion. I reiterate to the House that if a Conservative Government are elected at the next general election, that inquiry will be held without any further delay.

There is such a contrast between how the British Government have behaved and the conduct of the United States, where both the Executive and the legislature have commissioned successive inquiries to examine what went right and what went wrong and have then published and discussed their findings openly—and they have not been afraid of trenchant criticism coming out of those inquiries. Any Member of this House can go to the internet and read the draft report of the inspector general on Iraq. Let me quote a couple of examples of the sort of criticism in that report. The inspector general talks about the

> "poor integration of inter-agency efforts bred by weak unity of command and inconsistent unity of effort"

and

> "the blinkered and disjointed pre-war planning for Iraqi reconstruction".

Those are charges that have been levelled this afternoon, and during other debates in this House, about the United Kingdom's planning and preparation. Whether or not they are true, they should be examined by people who have access to all the relevant records.

Rightly, however, the focus of the debate has been more on the future of Iraq than on its past. The future strategic relationship of this country and Iraq is important not only in terms of bilateral relations but in terms of our policy towards the region as a whole. For the most part, what has been said in the debate has been couched in terms of hope and optimism for the future. However, my hon. Friend the Member for North Essex (Mr. Jenkin) gave us a cogent word of warning when he spoke of how in the past we sometimes promised things that, in the event, we were unable to deliver. We need to temper optimism with a hard-headed appraisal of the problems that face Iraq today and that will continue to face it in the foreseeable future.

While the speech by the hon. Member for Leyton and Wanstead was largely over the top, he was right when he reminded us of the daily violence and intimidation that still take place in Iraq. This week, the Pentagon submitted its latest quarterly progress report to the United States Congress. The report said that security incidents had reached their lowest level since systematic counting began in 2004. That is welcome, without any qualification. It said that inadequate supplies of food, water, electricity and health care had replaced security as the chief concern of Iraqi citizens. But it went on to say that

> "the underlying sources of instability in Iraq have yet to be resolved. Iraq remains fragile because its major power brokers do not share a unified national vision".

In the run-up to the imminent regional elections, we see political tensions not only between the main ethnic and religious groups in Iraq, but within those groups as well. Once those elections are out of the way, there will be further political jostling ahead of the referendum planned for the summer on the United States stationing of forces agreement, ahead of the national elections at the end of the 2009 and ahead of the decision on the future of Kirkuk.

Political tension and rivalry in Iraq can lead to the abuse of human rights. I join the right hon. Member for Cynon Valley in urging the Government—I think that the Government will be happy to agree—to keep our attention on the human rights record in Iraq. We must maintain a dialogue with the Iraqi authorities in all parts of Iraq about human rights, and we need to ensure that the record of Iraq is examined, as those of other countries are, through the appropriate international bodies.

The hon. Member for Croydon, Central (Mr. Pelling) and others were right to discuss the continuing persecution of some religious minorities. In recent weeks, I have met delegations from some of the Christian communities in Iraq, who have told me about the pressure that they have been under not just, as is commonly known, in Baghdad and Basra, but in areas of the Nineveh plain that are the traditional centres of Christian culture in that country. The smaller minorities, such as the Yazidis and the Sabbateans, have probably suffered even worse, with large proportions of those communities having given up and fled into exile.

I turn to the challenge of Iraq's economy. As my hon. Friend the Member for Woodspring (Dr. Fox) urged, the Government should give a higher priority to helping British business take advantage of the opportunities opening up in Iraq. I am getting rather tired of the fact that in every country that I visit in the middle east, I hear from the host Government something along the lines of, "Well, we'd like to work more with you British, but you've rather let the French, the Germans and the Italians steal a march on you in recent years." I hope that the Government will not let those economic opportunities for our country slip, given that our country has sacrificed a great deal in soldiers' lives and taxpayers' money to support the policy being pursued in Iraq.

The extent to which Iraq makes a success of economic development is bound up with political stability in getting a proper rule of law introduced and observed

[Mr. David Lidington]

throughout the country. Significantly, there has to be agreement on the sharing of petroleum revenues. It is dismaying to see that such an agreement has still not been reached, despite the fact that for several years the political parties in Baghdad have said that they had done a deal and were on the verge of introducing legislation. We still seem to have a stand-off between the Kurdish regional government and the central Government in Baghdad. Given that a number of oil industry experts believe that Iraq's reserves may even match those of Saudi Arabia, it is urgent that agreement is reached, and I hope that whatever diplomatic work Britain can do to facilitate that will be pursued.

Finally, there is the question of Iraq's regional role. My hon. Friend the Member for Woodspring touched on its relationships with Iran, Syria, Turkey and Saudi Arabia. I hope that the Government will continue to encourage those of our friends in the Arab world who have not yet done so to station ambassadors permanently in Baghdad. Given Iraq's close links with the Iranian Government, it might be possible for her to help to provide Britain and the United States with a conduit for contact with the Iranian regime at a very senior level. I would be interested to hear the Government's view on that.

In the longer term, it seems to me that if we are to get a stable arrangement for collective security in the middle east—something along the lines of the Organisation for Security and Co-operation in Europe has often been discussed—Iraq should play a key role in the effort. It is both proudly Arab and now friendly with Iran, and it could play an important part in creating a stable, more prosperous future. The hope and objective of our policy must be not just for Iraq to be sovereign, politically stable and prosperous, but for it to play a leading and constructive part in shaping a better future for the whole of that very troubled region.

6.40 pm

The Minister of State, Foreign and Commonwealth Office (Bill Rammell): We have had a genuinely good debate, and there has been a fairly large degree of consensus in the contributions. Our focus is shifting from a military relationship with Iraq to a whole-Iraq approach that centres on close co-operation with its Government and people, across the spectrum of politics, economics, human rights, culture, education and trade.

As my right hon. Friend the Secretary of State for Defence said at the beginning of the debate, Iraq has genuinely made huge progress since 2003. After years of suffering under a tyrannical regime in which its citizens had no say in how the country was governed, it is emerging as a democracy in which all Iraqis now participate, have a voice and can enjoy the right to choose their local and national leaders and, importantly, hold them to account.

Sometimes when we debate the situation in Iraq and its future, there is still far too much amnesia in some quarters about Iraq under Saddam Hussein. I say that not because I want to go back over the debates that preceded the intervention in 2003, but to help to explain how difficult it is for Iraqis to escape the long shadows of decades of what can be described as fascism, and therefore how far they have travelled in such a short period.

It is a reality that Saddam's brutal dictatorship defined society in almost every imaginable way. Pupils and students had to toe the party line and were unable to express themselves, and civil servants had to doff their cap to the Ba'ath party and never allow their imagination or concern for ordinary people to override their obligations to Saddam Hussein. People were tortured and slaughtered in their hundreds of thousands. I recall my first awareness of what Saddam was doing, when I was a student at Cardiff university in the early 1980s and Saddam sent his hit men out to assassinate students in south Wales. I will need an awful lot of persuading to be convinced that Iraq is not a much better place for the passing of Saddam Hussein.

My right hon. Friend rightly started by paying tribute to the 178 troops killed in Iraq. I have had the opportunity and privilege of visiting our troops in Iraq and Afghanistan, and I have developed nothing but profound respect for the role that they play. All of us in the House, and our fellow citizens across the country, owe them an enormous debt of gratitude for what they do on our behalf.

The hon. Member for Woodspring (Dr. Fox), the Opposition spokesman, made a speech with which I agreed in large part. He started by highlighting the price that we have paid for our intervention—and there has been a price—but he then said that he did not believe that Iraq would have been better off without that invasion. I endorse that view, and it is welcome coming from an Opposition Front Bencher. Over the past couple of years, it has not always been clear that the force of conviction with which the Opposition agreed that we should tackle Saddam Hussein in 2003 is as strong now. I therefore welcome that statement.

The hon. Gentleman asked me about the Department for Business, Enterprise and Regulatory Reform's representation in Baghdad. I could respond with a cheap shot and say that representation would be much less if there were a 1 per cent. cut in every Department's budget. However, I will respond to the point seriously. In 2006, when the security environment was at its most difficult, representation was withdrawn because, given the security concerns, there was not the interest from British business. Nevertheless, the huge improvement in security has rekindled that interest. UK Trade and Investment has reviewed the position and three new UKTI positions will be filled in Iraq in the next few weeks to help British businesses identify trade and investment opportunities. We will continue to review the required resourcing.

Dr. Fox: I am pleased to hear that. I, too, could reply with a cheap shot and say that you cannot have less than zero. However, it is important to know from which budgets the posts will be funded.

Bill Rammell: My understanding is that the funding comes from the Department for Business, Enterprise and Regulatory Reform, but if that is not the case, I will write to the hon. Gentleman.

The hon. Gentleman asked me specifically what the Government and the country are doing to support economic development in Basra. We have done and are doing a huge amount. The Basra Investment Commission attracts investment and offers advice about commercial opportunities. The Basra Development Commission, which Michael Wareing co-chairs, genuinely brings international and regional private sector expertise to the area. A youth unemployment taskforce aims to provide training placements for unemployed youths to work with local businesses. With our support, the National Investment Commission facilitates visits to Iraq for the most interested investors, and 19 have taken place so far. That demonstrates our continuing commitment.

Mr. Jenkin: Why are British companies faring so much worse than French, Italian and German companies in Basra?

Bill Rammell: I do not believe that evidence exists to support that claim. After the debate, we will undertake an analysis and I will write to the hon. Gentleman. Such claims are made in the Chamber but the evidence does not bear them out.

The hon. Member for Woodspring also asked about the legal position of our troops. It is clear, following the agreement that was reached before Christmas and the exchange of memorandums of understanding, that our troops have the necessary reassurance about their legal position. He asked about the difference between the legal arrangements for our troops and those for the forces of the United States. The honest, genuine answer is that they perform different missions. Our troops focus on naval training, and training and mentoring the 14th division in Basra rather than combat operations.

My hon. Friend the Member for Pontypridd (Dr. Howells), who is a genuine friend, made an excellent speech, which brought his experience, understanding and knowledge to bear. I gave him a note, which said that I had passed on his request for diplomatic immunity in Paris, which he may need following his speech. Nevertheless, he spoke powerfully and rightly highlighted the suffering of Christians in parts of Iraq. The Government of Iraq have made the right response, with increased security and a commitment to investigate. As a result of those measures, Christians are returning.

I strongly agree with my hon. Friend's refutation of one of the weakest arguments against the war with Iraq—that it was all about oil. As he said, if it was about oil, we could have gone about things more easily and effectively through cutting a deal with the Iraqis, as several other nations did.

Mr. Holloway: It is all very well to say that, but it is disingenuous of the Minister to suggest that all is rosy and wonderful, and that we dealt with Saddam, which was a greater good—of course, it probably was—when we would happily have kept him in power if he had dealt with weapons of mass destruction.

Bill Rammell: We made it clear that the reason for going to war—rightly, in my view—was Saddam Hussein's failure to comply with resolution 1441 and to provide reassurances about weapons of mass destruction. He did not give the reassurances, and that is why we went to war. Nevertheless, I believe that our entering into that conflict means that Iraq is a better place for his passing.

The hon. Member for Kingston and Surbiton (Mr. Davey), who leads for the Liberal Democrats, said that he and his party were so concerned about the invasion of Iraq that they voted against it. That is correct. I believed that the Liberal Democrats were wrong at the time and I still hold that view today. He was then intervened on by the hon. Member for Woodspring, who leads for the Opposition, who asked an interesting question, which the hon. Member for Kingston and Surbiton ducked. The hon. Gentleman who leads for the Opposition asked him whether he felt that Iraq and Iraqis were better off now that Saddam Hussein was gone. His response was to quote an opinion poll giving the feelings of Iraqis about coalition forces. He knows—and the House knows—that that is a very different issue. The reality is that the vast majority of Iraqis feel that they are better off.

Mr. Davey: *Hansard* will show that that was not the full answer that I gave to the hon. Member for Woodspring. I gave a much fuller answer than the one that the Minister quoted. Let him answer this question. He admitted to the hon. Member for Gravesham that the reason for going to war was weapons of mass destruction. Will he confirm to the House that no weapons of mass weapons were found and that the reason for going to war put to the House was never proven? The Government were wrong and the Conservative party was wrong, too.

Bill Rammell: There is a huge amount of selective amnesia in some parts of the House.

Mr. Davey: Answer the question.

Bill Rammell: I will answer it, but let me quote for the hon. Gentleman from a contribution by one right hon. and learned Gentleman in the run-up to war. He said:

"We can also agree that"

Saddam Hussein

"most certainly has chemical and biological weapons and is working towards a nuclear capability. The dossier contains confirmation of information that we either knew or most certainly should have been willing to assume."—[*Official Report*, 24 September 2002; Vol. 390, c. 43.]

Those were the words of the previous leader of the Liberal Democrats, who has a strong track record on such issues. The reality is that Saddam was presented with a justifiable challenge, in resolution 1441, to comply with the international community and the weapons inspectors and demonstrate that he did not have that capacity. He chose not to do that, which was why we went to war.

It is a reality, which I acknowledge, that those weapons of mass destruction were not found. In that sense our intelligence was not accurate, but we were not the only country in the world where that was the case. Even the intelligence agencies of those countries in the international community that took a different decision from the one that we took were telling them the same thing about what they believed to be the case about weapons of mass destruction.

Mr. Jenkin: To assist the Minister, does he recall that the Iraq survey group report, which was produced after the invasion, showed that there were strong indications that Saddam Hussein had every intention of resuming his weapons of mass destruction programmes. He had shells with traces of chemical weapons in them and aircraft that were capable of spraying chemical weapons. Those weapons systems existed and were in direct breach of all the Security Council resolutions that had been passed against him.

Bill Rammell: The hon. Gentleman is absolutely right. One factor that is never taken into account in the balance sheet is this: what would the situation be had we not intervened and were Saddam Hussein still in power today? I believe that Iraq, the region and the whole world would be in a much worse condition.

Mr. Davey: Let us return to the reason given to the House for war, which was weapons of mass destruction. We argued at the time that we should listen to Hans Blix and Dr. el-Baradei—the weapons inspectors themselves, who were not arguing for war. They were arguing for more inspections and for looking at the situation properly, because they had not found the evidence that the Government and others tried to present in their dossiers.

Bill Rammell: If the hon. Gentleman goes back and reads the words of Dr. Hans Blix very carefully, he will see that Dr. Blix made it clear that there were unanswered questions as a result of his investigations which Saddam Hussein was unwilling to answer. I was a junior Minister at the Foreign Office in the run-up to the Iraq war and I was looking at the raw intelligence, not at a dossier. My biggest fear was that chemical weapons would be used against our troops going into combat. I would not have had that genuine fear had I not believed the intelligence in front of me. There is a myth, which has been going round for years, that we misled people and deliberately manipulated the evidence. That is simply not the case.

Mr. Ellwood: The Minister repeats again and again that life is obviously much better now that Saddam has gone. I do not think that anyone in the House disputes that—at least, not on the Conservative Benches. By repeating that, however, he is avoiding telling us why it has taken so long to get to where we are today. Why, when we went into Iraq in the first place with the 7th Armoured Brigade at a time of relative peace, did things deteriorate to a point at which the 4th Battalion The Rifles had to leave with their tails between their legs? The Minister has not answered those questions, and those are the answers that we want to hear.

Bill Rammell: When the hon. Gentleman described our contribution as a humiliation, I do not think that he was describing the reality, and he did himself no credit. He asked why we did not get to the position we are in today sooner. It is because this has been an extraordinarily difficult situation—

Mr. Ellwood: There was no plan.

Bill Rammell: I acknowledge, as does our former Prime Minister, that there should have been better post-conflict planning and preparation. One of the issues that is constantly flagged up in relation to that planning and preparation is that of de-Ba'athification. In hindsight, we got it wrong on de-Ba'athification, but we did not get it wrong on our own. All the decisions that we took as a coalition were taken in consultation with the Iraqis and the Iraqi Government. Because of their experience under Saddam Hussein, they were the strongest proponents of de-Ba'athification.

Mr. Ellwood: I do not doubt that, but I have to stress the point, which came out in the debate, that while the MOD prepared for an invasion in March 2003, the Department for International Development received an instruction to do absolutely nothing. There was no plan. Yes, we can blame things to do with de-Ba'athification on the coalition, but we went in there without any capability for post-conflict reconstruction. That is why we are debating this today, rather than three years ago.

Bill Rammell: I heard the claim that the hon. Gentleman made earlier about what the former Secretary of State for International Development allegedly wrote in that memo. I have to say that she is a Member of the House with whom I do not often see eye to eye, and she is no longer a member of my political party, but I am struggling to believe the veracity of that claim. It is a claim that I have never heard anywhere in the House or in our media in all the course of the past six years, and I ask the hon. Gentleman to reflect on that fact.

My right hon. Friend the Member for Cynon Valley (Ann Clwyd), who has a huge track record of being absolutely right on Iraq over a long period of time, made an excellent contribution. She rightly highlighted the role of our troops, but she also mentioned the bit that is often forgotten: the role of officials who have gone back to Iraq time and again in very difficult circumstances and given enormous service. She also rightly welcomed the constitutional arrangements that have been set up in Iraq to enable 25 per cent. female representation in the Iraqi Parliament. Like her, I am aware of reports that the published version of the provincial elections law is different from the one that was agreed by the Iraqi Parliament, and that it might reduce the female quota. This is a matter for the Iraqis, but I very much welcome the fact that the Iraqi Parliament, led by its women's committee, is trying to resolve that issue to ensure that the agreed quota of at least 25 per cent. remains in place.

The contribution by my hon. Friend the Member for Stockton, South (Ms Taylor) demonstrated her experience, knowledge and understanding of military matters. She brought home something that I think we have all experienced over the past few years—namely, the conflicting emotions as Iraq has gone through this change of fortunes. Like her, I very much welcome the fact that we are at the top end of those fortunes at the moment.

Mr. Holloway: Perhaps there will be great benefits for the Iraqi people, but, rather than giving vague assurances about the effects on global security, will the Minister tell us how Britain has been made safer by the debacle of the past five or six years, and what benefits have accrued to the British people from it?

Bill Rammell: Let us look at the situation in Iraq today. The fact that we have a much more stable Iraq that is not actively seeking to develop and export weapons of mass destruction puts us in a much more secure place. That is a very positive development.

I will conclude by directly picking up on a point made by the hon. Gentleman during his speech. He said that the decision to support the United States had been made by Tony Blair alone at Crawford. Whether people agreed with the war or not, we had the most huge debate in this country on it. It was one of the most contentious debates in the House and, rightly or wrongly, people voted for us to go to war. I believe that it was the right decision. Iraq is a much better place. It is now a force for good in the international community, and we should build on that fact as we build our relationship with Iraq in the future.

Question put and agreed to.

Resolved,

That this House has considered the matter of Iraq: future strategic relationship.

Business without Debate

WELSH GRAND COMMITTEE

Ordered,

That—

(1) the matter of the Government's Legislative Programme as outlined in the Queen's Speech as it relates to Wales be referred to the Welsh Grand Committee for its consideration;

(2) the Committee shall meet at Westminster on Wednesday 21 January at 9.30 am and between 2.00 pm and 4.00 pm to consider the matter referred to it under paragraph (1) above.—*(Mr. Frank Roy.)*

DELEGATED LEGISLATION

HOUSING

Ordered,

That the Home Information Pack (Amendment) (No. 3) Regulations 2008 (S.I., 2008, No. 3107), dated 4 December 2008, be referred to a Delegated Legislation Committee.—*(Mr. Frank Roy.)*

BETTING, GAMING AND LOTTERIES

Ordered,

That the Gambling Act 2005 (Advertising of Foreign Gambling) (Amendment) (No. 2) Regulations 2008 (S.I., 2008, No. 2829), dated 28 October 2008, be referred to a Delegated Legislation Committee.—*(Mr. Frank Roy.)*

PETITION

Coastguard Services (Devon)

7 pm

Mr. Anthony Steen (Totnes) (Con): On 10 August last year, two girls in Hope Cove in south Devon were being swept out to sea and were at risk of drowning. The inshore Hope Cove lifeboat—a service in operation since 1890, which has saved 213 lives since the year 2000—was launched within a few minutes and the girls were saved. Unfortunately, it was against the instructions of the Maritime and Coastguard Agency, which is responsible for the Hope Cove lifeboat.

Now, 3,000 residents have signed a petition to reinstate the lifeboat, which was taken out of service unilaterally by the Maritime and Coastguard Agency some three months ago against the wishes of everyone, including my constituents, those who use the boat, the crew of the boat and the many thousands of people who have enjoyed using the beaches of Hope Cove as tourists over the past few years. Salcombe is some 15 to 20 minutes away in good weather by sea. We need a lifeboat close at hand that can rescue people, as those two girls were rescued on 10 August—otherwise they might have drowned.

The petition states:

The Petition of residents of Hope Cove and the surrounding area,

Declares that the inshore Hope Cove Coastguard lifeboat should be reinstated immediately; further declares that the Maritime and Coastguard Agency should recognise that it is an auxiliary and additional rescue cover to the RNLI lifeboat at Salcombe for one of the most dangerous parts of the South Devon coastline.

Further declares that the inshore Hope Cove lifeboat has been in operation since 1890 and has saved 213 lives alone since 2000, and can be launched within minutes.

The Petitioners therefore request that the House of Commons urges the Secretary of State for Transport to ensure that tourists and yachtsmen visiting Hope Cove beaches and the Thurlestone area are adequately protected by way of sea rescue from Hope Cove in the event of an emergency.

And the Petitioners remain, etc.

[P000304]

Self-balancing Personal Transporters

Motion made, and Question proposed, That this House do now adjourn.—*(Mr. Frank Roy.)*

7.3 pm

Lembit Öpik (Montgomeryshire) (LD): To paraphrase Shakespeare, I come to legalise Segways, not to praise them. The evil that machines do lives after them; the good is oft interred with their cogs, and so it could be with the self-balancing personal transporter. My goal today is to change that. I seek agreement to a pathway to determine how this creative, convenient and eco-friendly device may be formally embraced by the UK.

I declare an interest. Segway loaned and subsequently succeeded in selling me a self-balancing personal transporter. I have since got so versed in its use that I believe I am now the most well-balanced parliamentarian in the UK, albeit with the assistance of gyroscopes—something I would have welcomed in 2008, but I digress.

I have personally converted 120 British citizens to the personal transporter, or PT for short. Converts include those outstanding presenters Penny Smith and Kate Garraway on that excellent programme "GMTV". All of them have seen how PTs can help with pollution, traffic and even commuter stress levels. In this debate I will explain what a PT is, its benefits and what I hope are reasonable steps for us to take next in pursuit of my ambition.

A self-balancing personal transporter is a celebration of human ingenuity, electrical innovation and the laws of physics. In fact, it appears to defy gravity by mysteriously keeping itself and a passenger of any shape and size upright, with no visible means of support, bar the wheels. But this is no illusion. Twin gyroscopes lie at its heart. The device is controlled by pedals. Without the operator's assistance, it will not travel anywhere. Once on board, the operator directs it by leaning forwards or backwards on the pedals, and moving the handlebar left or right. It is switched on and off with an electronic key—and that is it. The only transport device that we could think of which is simpler to use is a Space Hopper, the two differences being a smaller choice of colours in the case of the Segway and the fact that one does not hold on to a self-balancing personal transporter by its ears. I have always wondered what the Health and Safety Executive's view of an underinflated or, worse still, an over-pressurised Space Hopper might be. It surely carries with it the risk of explosion. No such problem exists with the PT.

As I said, one working example is the Segway PT, a specific model, and I invite the Minister to try one outside the Chamber after our debate. The top speed is 12.5 mph, at which velocity a PT consumes around 190 W of continuous electrical energy. They have a range of 23 miles on a full five-hour charge. Segways were invented by a Dean Kamen and are manufactured in Boston, USA.

Mr. Andrew Pelling (Croydon, Central) (Ind): I have had the opportunity to see the Segway in operation in Washington DC in the United States, where there are wide sidewalks. Surely it is not a good idea to legalise the operation of Segways here; I cannot see how they will work safely on our roads or pavements.

Lembit Öpik: That is a fair point, but I offer a reassuring answer. First, I use a Segway on the United Kingdom's roads, and indeed the byways of Montgomeryshire, and not once have I come to grief even though I have the road-based model. Secondly, there are off-road models. If the hon. Gentleman's roads and paths are not as flat and smooth as those in America, he simply needs to get the version with the wider tyres. He could play golf with that as well. I can see that that reassures him. I have another convert.

I have told the House what PTs are, but that does not begin to describe the miracle that they represent. They are not primarily a replacement for bicycles; they are a replacement for cars. At more than £4,000 each they are aimed at people who know that the average speed of city traffic can be 8 mph, which is 4.5 mph less than a Segway's maximum speed. Their commuting effectiveness was proved by James Brown's interesting research at the university of Derby, in collaboration with the BBC. Segways are an antidote to gridlock and are parked in the time that it takes to lean them against a wall.

For those whose work requires them to patrol areas, self-balancing personal transporters have already proved their worth. I am told that 750 police forces around the world use PTs. They are also used at Heathrow airport and other locations around the UK. We estimate that a bobby on the beat can cover three times more area using a PT than on foot patrol.

As for the public, some prefer to walk, and that is fine, but others do not or cannot. Those with mobility problems find the PTs, with their powerful gyroscopes, safe and secure. They are almost impossible to fall off. When I investigated the accident record, I found that one President George W. Bush did fall off one. Segway experts analysed the photographic footage of his misfortune and concluded that the probable cause of his accident was that he had not turned it on. Gentleman journalist Piers Morgan ridiculed Bush for that, and then fell off one as well. Probably inadvertently, he attempted to scale a high kerb, rather as one might ride a motorbike over a wall and then be surprised by the ensuing crash. That President Bush and Piers Morgan are the only two notable Segway casualties on earth should reassure normal citizens that, when used intelligently, this technology is safe.

Environmentally, PTs are absolutely in line with Government targets for carbon dioxide reductions. Personal transporter fuel, which is electricity, causes 16.6 g of CO_2 per kilometre. By comparison, let us consider human fuel, known more commonly as food. A beef eater, by which I mean an eater of beef not a Yeoman of the Guard, who could of course be vegetarian for all I know, causes about 497 g of CO_2 emissions per kilometre by expelling energy from that food. Egg eaters produce more than 105 g per km, and that does not even take into account the 11.25 g per km that people create merely by breathing. It can therefore be revealed, for the first time in British history and the history of the House of Commons, that it is greener to go to work on a personal transporter than to go to work on an egg—even if you hold your breath.

Per passenger, a London Underground train produces three times as many carbon dioxide emissions, a small scooter four times as many and the average petrol-fuelled car more than eight times as many as a personal transporter. PTs are environmentally unsurpassed by any motorised transport available in the United Kingdom. Car-pooling and public transport are valuable, but PTs take eco-friendly travel to new levels. Even their carbon production cost can be offset.

With more than half a million sales globally, the public have already voted for PTs en masse with their wallets, so what is the problem in the United Kingdom? Understandably, given that this is new technology, the Department for Transport has been cautious. That is fair enough—it is the Department's job to protect the public from unnecessary risks. However, I can find no restriction in law to bar PTs from Britain's roads. I believe that we simply need clarity.

To help the Department, we examined every part of the PT in preparation for the debate—the pedals, the wheels and the motor—and they all seemed to conform with the current law. We even tried to test the motor to establish whether the continuous peak power output fell below the notional 200 W limit for electric-bicycles on a rolling road. What we discovered was remarkable: the power usage was so low that we could not even measure it.

That is a moot point in any case, because continuous peak power is only a concern in relation to top speed. PTs are regulated to a speed of 12.5 mph uphill, downhill and on the level. Most bicycles can travel faster than that. PTs even have an auto-slow mechanism which operates if people try to travel too fast or the batteries are low. Incidentally, the meagre power usage facilitates the exceptional 23-mile range.

In my opinion, existing legislation does not outlaw PTs. They have an operator to assist them in the form of pedals, modest power usage—in line with that of electric bicycles—and a speed restrictor. Indeed, they are safer than bicycles, because the gyroscopes keep riders upright even when they are not moving. Moreover, riding a PT is easier to learn than cycling. This morning, live before millions of viewers, "GMTV" presenters Kate and Penny learned to ride a PT in just a minute, never having been on one before. Since November, I have taught people aged from nine to 87 to use a PT. None of them experienced any trouble, and most of them wanted one afterwards! I even conducted a Segway session at my local place of worship in Newtown, the friendly and inspirational Hope community church. Its popularity was, in a word, miraculous.

But now for some shocking news: the PT is wanted by the police. However, it is wanted not for law-breaking but for law-enforcing. Sutton police in London have already tested it and they loved it. Other forces and organisations are also eager. Commander Hussain of the Metropolitan police has said he is keen to conduct a trial of the device. What greater endorsement is needed?

This is what I think should happen next. I ask the Minister to allow trials in February 2009 under section 44 of the Road Traffic Act 1988, following which a report would be made to him in March 2009. He could then make an informed decision in April 2009 about the status of self-balancing personal transporters. When it comes to categorisation, grouping them with mobility carriages is an option, but I think that they should be subject to the same regulation as electric bicycles owing to technical similarities in regard to, for instance, pedal assistance and the limited top speed. Perhaps I could discuss the options with the Minister and his team in the coming weeks.

In the context of mobility problems, congestion and climate change, the adoption of the personal transporter for public use is not only attractive but essential. My goal is not party advantage but public advantage through good decisions based on solid science and fact. I have always respected the Minister for approaching such matters in a similar vein. I believe that he and, indeed, the Government are truly committed to addressing climate changes that threaten our eco-sphere. Now it is time for them to stand up and be counted.

I appeal for courage, and I appeal to the Minister to be mindful of past lessons. The Duke of Wellington said:

> "I see no reason to suppose that these machines will ever force themselves into general use."

That was not a 19th-centiury premonition about Segways—the duke was referring to steam trains—but, prophetically, his words echo some of the ill-informed commentary on PTs and, in my view, against progress.

Let us consider instead the words of Anna Bluman, the remarkable and forward-looking marketing manager at Kingdom shopping centre in Scotland. She reports:

> "we have been successfully using a Segway in the malls for over a year now. The Segway is used in partnership with Fife Constabulary with both Centre Police Officers and security staff using the unit to increase their visibility and effectiveness. It offers a reassuring presence to customers in the malls and also acts as an 'ice-breaker', gaining visible interest from members of the public, thereby increasing interaction with security and police officers."

Here is a final word of testimony from my very good friend, the Parliamentary Secretary, Cabinet Office, the hon. Member for West Bromwich, East (Mr. Watson). After trying it out only this afternoon, the Minister said, "Yeah, it's bloody great—really bloody good. I want one." This caused terror in the eyes of his driver, whose fear of replacement by ministerial Segway even overrode his shock at the Minister's uncharacteristic departure from parliamentary language.

Riding a self-balancing personal transporter does not end gridlock or global warming, but it is part of the solution—an ingenious response inspired by carbon, convenience and common sense. Working together, we can bring to the UK the benefits of this extraordinary technology, proved by users globally over millions of hours. It is a device that is greener than walking, and wanted by the police. That is my case for the PTs.

In conclusion, the adoption of self-balancing personal transporters may not in itself be as earth-shattering as a moon landing, yet we must never forget that saving our planet will not be achieved through one giant leap by mankind, but rather through one small step after another by every man and woman. Let us take one more step today.

7.17 pm

The Parliamentary Under-Secretary of State for Transport (Paul Clark): I congratulate the hon. Member for Montgomeryshire (Lembit Öpik) on securing this debate. I expected nothing less from him than a very informed and equally entertaining contribution to the deliberations of this House, and we certainly were not disappointed in that. I should say at the outset that I have already passed a note to my officials asking for research on CO_2 emissions in respect of eggs and travelling to work.

[Paul Clark]

This debate needs to be had—and to continue. It follows on from a meeting that the hon. Gentleman and other representatives of the all-party intelligent transport group attended at the Department for Transport in November 2008. It also foreshadows a further meeting that, as agreed at the November discussion, he is to attend with officials of my Department later this month. I am glad that this debate offers me the opportunity to put on the record the Government's position on this fascinating development.

Self-balancing personal transporters can be a controversial subject. While there can be some passion on the part of those seeking use of these machines on public roads and/or on pedestrian and cycle facilities, there can be equal intensity on the part of others opposed to such use. The former point to benefits such as possible reductions in CO_2 emissions and in congestion—provided that people switch from cars to these vehicles—while the latter consider that road safety could be adversely affected. The hon. Gentleman certainly falls into the former category as one who is passionate about the possibilities of self-balancing personal transporters.

A further concern is that any modal change from walking and cycling to these vehicles could reduce health benefits derived from walking or cycling, which the Government are seeking to promote. When I addressed the all-party cycling group this afternoon, there was an issue as to how this feeds into other healthy living agendas, which I know the hon. Gentleman also supports.

Equally, I have to say that the members of the all-party cycling group had certain views about whether cycle paths should be used by Segways. It has been suggested that because Segways are relatively expensive, they are expected to be used as an alternative to cars. However, in view of their lack of weather protection and seating, it seems likely that they would more readily replace walking and cycling. In that case, the potential for reduction in CO_2 emissions would be negligible. I assure the hon. Gentleman however that I intend to take an entirely balanced, if not gyroscopic, view of the matter.

The Government recognise the potential benefits of moving to greater electrification of both public and private transport. Electric vehicles that comply with road traffic law requirements benefit from advantageous treatment by the UK tax system. For example, they are exempt from annual vehicle excise duty and electricity is, of course, taxed at a significantly lower rate than petrol and diesel.

The hon. Gentleman will recognise that there is a range of different electrical personal vehicles, and it is important to remember that legislation takes no account of any particular proprietary products, but speaks in generic terms. The vehicles available include a variety of powered wheelchairs and mobility scooters, known in law as invalid carriages, and these may be used only by people with disabilities. Such vehicles are subject to their own specific primary and secondary legislation. According to class, they are permitted to use pedestrian footways at a maximum speed of 4 mph, and roads at a maximum speed of 8 mph. They are the only vehicles that are permitted to be driven or ridden on pedestrian footways.

There are also different makes of electrically assisted pedal cycles, which also have their own legislation. Like other cycles, EAPCs may be used on the road and on dedicated cycle facilities, but—unlike powered wheelchairs and mobility scooters—not on pedestrian footways. There are some futuristic concept personal electrical vehicles being developed by one or two of the car manufacturers, but I am not aware at the moment of proposals to bring them into general public use, whether on the road or on pedestrian or cycle paths.

The hon. Gentleman referred specifically to the Segway. I will give an outline description of the Segway, for reasons of the argument that will then follow. Courtesy of the hon. Gentleman, Members may have tried or seen the Segway. The single user stands on a platform between two side-by-side wheels, balanced by gyroscopes, and controls motion, direction, braking and so on by means of hand controls on a post attached to the platform and by body movement. I do not hesitate to agree with the hon. Gentleman and others who promote the use of Segways that they are ingenious. I congratulate those who developed it, and British Aerospace, which developed the gyroscopes in Plymouth.

We have been told that Segways can travel at up to 12.5 mph. That is, of course, much faster than the 4 mph limit for invalid carriages using pedestrian facilities, but I understand that lower speeds can be set by means of special keys. I know that several Members of both Houses have had the opportunity to try out the vehicles, as I witnessed this afternoon in St. Stephen's yard. The hon. Gentleman is well known as the Segway king.

Let me turn to the Department for Transport's view on Segways and similar machines, which was outlined some time ago in a fact sheet that is available on the DFT website. The Department cannot interpret the law—that, of course, is rightly a matter for the courts—but we can have an opinion on how it might be interpreted. Segway use in this country, on private land and with the permission of landowners who can ensure safe use, is acceptable as the law stands. I recognise that these ingenious vehicles might be found helpful, for instance by staff needing to cover considerable areas where larger vehicles may not be an option, such as within airport terminals. Indeed, I am well aware of the trial of a Segway at Heathrow airport, as a result of which the one that was being used was purchased after the trial ended. However, I point out that only one Segway was being used rather than a range of Segways, which might have been what was conveyed by the hon. Gentleman's description. I have no doubt that in other off-road areas, such as warehouses, large industrial sites and show grounds, they could be useful and effective.

On the other hand, in our view Segways are mechanically propelled vehicles. As such, if they are intended for use on public roads, they must be subject to road traffic law rules and restrictions in the same way as they apply to other powered two-wheeled vehicles such as mopeds and motorcycles.

I am conscious that Segways are permitted on the road and on dedicated pedestrian and cycle facilities in some other countries. The way that they are treated in law and the way that they are used—for example, on the road, on pedestrian footways or in cycle facilities—varies significantly from place to place, not only from country to country but within countries, too. DFT officials are seeking further clarity on the way in which the vehicles are handled.

Lembit Öpik: The Minister might want to take this as a rhetorical point. I have looked at the law in some detail and I would guess that I am something of an expert on it. It seems to me that the Segway—or self-balancing personal transporter, as I am not particularly promoting any one brand—conforms almost precisely to the regulations as they pertain to electric bicycles. Perhaps after the debate, at some point, we can discuss that further.

Paul Clark: I am interested in the hon. Gentleman's interpretation and the dictionary that he has used to determine the meaning of the word "pedals". In my dictionary, a pedal is described as a foot-operated lever used to control a vehicle or machine while pedalling is to propel a cycle using pedals. In my view, those descriptions cannot apply to Segways. However, at the meeting in November with representatives of the all-party intelligent transport group, my ministerial colleague the Under-Secretary of State for Transport, my hon. Friend the Member for Poplar and Canning Town (Jim Fitzpatrick), suggested that what is really needed, in the long term, is a Europe-wide view of what Segways are intended for and where they are permitted to be used. That is not clear at present. The machines are used and treated in legal terms in different ways not just in different countries but in different parts of those countries.

Is the vehicle intended for use on the road? Is it intended for use on dedicated cycle tracks or pedestrian facilities, or for other uses? I note that today it has been suggested that cycle paths might be the way forward. It is germane that the European Commission is currently undertaking public consultation about the framework directive on two and three-wheeled vehicles and quadricycles. It is certainly relevant that one EU member state recently proposed to amend national legislation to permit Segway use on their roads. We are carefully watching the development of that proposal and the discussions about it, and it has been put on a six-month standstill.

I recognise that there is potential, however. We are due to hold further discussions in the next few weeks, and we will look at the issues that arise. I note that the hon. Gentleman believes that the Segway and other machines may meet the requirements for electrically motorised pedal vehicles, but there is some doubt about whether that is the case, so we need dialogue—offers have been made, not to the hon. Gentleman but to the company—with officials and all concerned to look at the interpretation and consider the route forward.

Section 44 of the Road Traffic Act 1988 may offer a remote possibility, although I do not want to raise any hopes. The provision covers exemptions from certain requirements for the use of equipment, but it may not reduce the requirement for registration. However, if we can have clarity about the intended uses, there may be ways forward.

In conclusion, the opportunity for the debate is very much welcomed—congratulations to the hon. Gentleman. The meeting that is due to take place in the next few weeks is a further step forward. We do not have a closed mind and shall take a balanced view of the opportunities.

Question put and agreed to.

7.31 pm

House adjourned.

4

House of Commons

Thursday 15 January 2009

The House met at half-past Ten o'clock

PRAYERS

[MR. SPEAKER *in the Chair*]

BUSINESS BEFORE QUESTIONS

MANCHESTER CITY COUNCIL BILL [*LORDS*] AND BOURNEMOUTH BOROUGH COUNCIL BILL [*LORDS*]

Motion made, and Question proposed,

That the promoters of the Manchester City Council Bill [Lords] and Bournemouth Borough Council Bill [Lords], which were originally introduced in the House of Lords in Session 2006-07 on 21 January 2007, may have leave to proceed with the Bills in the current Session according to the provisions of Standing Order 188B (Revival of bills).—*(The First Deputy Chairman of Ways and Means.)*

Hon. Members: Object.

Ordered, That the debate be resumed on Thursday 22 January.

CANTERBURY CITY COUNCIL BILL, LEEDS CITY COUNCIL BILL, NOTTINGHAM CITY COUNCIL BILL AND READING BOROUGH COUNCIL BILL

Motion made, and Question proposed,

That the promoters of the Canterbury City Council Bill, Leeds City Council Bill, Nottingham City Council Bill and Reading Borough Council Bill, which were originally introduced in this House in Session 2007-08 on 22 January 2008, may have leave to proceed with the Bills in the current Session according to the provisions of Standing Order 188B (Revival of bills).—*(The First Deputy Chairman of Ways and Means.)*

Hon. Members: Object.

Ordered, That the debate be resumed on Thursday 22 January.

Oral Answers to Questions

ENVIRONMENT, FOOD AND RURAL AFFAIRS

The Secretary of State was asked—

Marine Environmental Protection

1. **Anne Moffat** (East Lothian) (Lab): What steps his Department is taking to improve the protection of the marine environment. [247627]

The Secretary of State for Environment, Food and Rural Affairs (Hilary Benn): The Government want a marine environment that is clean, safe, productive and biologically diverse. The Marine and Coastal Access Bill will play a significant part in achieving this, along with other steps that we are taking, including action on sustainable fisheries management and on achieving good environmental status for our seas under the marine strategy framework directive.

Anne Moffat: With reference to the progress of the Marine and Coastal Access Bill, which represents a sea change, is my right hon. Friend aware of the wonderful coastline in my constituency, starting with a five-star, award-winning seabird centre in North Berwick, which is educational and protective and does all the things that the Government want to do to look after the marine life in the River Forth?

Hilary Benn: I am very pleased to hear from my hon. Friend about the centre that she mentioned. The Bill has started its passage in the other place and we look forward to its coming here. There will be much to discuss and debate, but there is widespread support for the legislation. It is groundbreaking, it is important, and we need to get it on the statute book and get on with the work.

Mark Williams (Ceredigion) (LD): The Secretary of State mentioned the importance of marine sustainability. Does he acknowledge the concerns expressed by many environmental groups and local fishermen about the extent to which licences are being issued for industrial scallop dredging, and the damaging effect that that has both on the seabed and on future fish stocks, not least in my area, in Cardigan bay, which is protected as a special area of conservation? Does he regard the arrangements in the Bill as robust enough to meet the challenges brought to us in our constituencies?

Hilary Benn: I am indeed aware of those concerns. The hon. Gentleman will be aware of the action that we have taken in relation to scallop dredging in the Fal and Helford special area of conservation, and of the decision taken last year in respect of Lyme bay, which was very significant. That illustrates the Government's determination to take the right decisions to provide conservation where it is needed, and the Bill provides the framework to do that. In the end, all these things must be balanced, but one of the purposes of introducing the Bill is to allow for the designation of marine conservation zones. The two steps that we have already taken with regard to scallop dredging will give comfort to those who are concerned about the Government's willingness, in the right circumstances, to act.

Mark Lazarowicz (Edinburgh, North and Leith) (Lab/Co-op): My right hon. Friend may remember that a few weeks ago he visited my constituency. During that visit, I had arranged a meeting with a number of leading Scottish environmental non-governmental organisations. They are very pleased with the way he listened to their concerns and has come up with a sensible division of responsibilities for nature conservation between the UK and Scottish Governments. What steps will the Department take to ensure that there continues to be effective co-ordination between the Scottish and UK Government responsibilities in this area?

Hilary Benn: I am grateful to my hon. Friend for saying that. I recollect saying to his environmental groups on that occasion that we would listen to what was said as a result of the consultation. They will have seen how we amended the draft Bill when it was published and introduced into Parliament. I am absolutely determined that we continue to build on the arrangements that we have put in place to ensure partnership between the different parts of the devolved system. One of the things that came across clearly in the consultation was the desire for one coherent framework. The discussions that we have had with the devolved Administrations have allowed us to put in place a structure which I think will work, and I am committed to it.

Mr. Elfyn Llwyd (Meirionnydd Nant Conwy) (PC): Further to the important point made by the hon. Member for Ceredigion (Mark Williams), the Minister will know that the destruction caused by scallop dredging may last for 10, 12 or 14 years. It is nothing short of vandalism. Will he contrast the needs of those fishermen with the crofting that goes on both in Scotland and in north Wales on the Llyn peninsula, where farmers supplement their income by sustainable fishing methods? Will he ensure that their interests are catered for in the interests of good, sustainable fisheries for the future?

Hilary Benn: It is important that there should be local discussion and local input. In the end, it is about balancing all these things. However, as I said in answer to the question from the hon. Member for Ceredigion (Mark Williams), we must have a framework that allows us to take such decisions; obviously, the Welsh Assembly Government would have responsibilities in this particular case. A balance has to be struck. The Marine and Coastal Access Bill and the support of the devolved Administrations provide the framework within which we can try to deal better with the problems, and that is why there is such widespread support for the Bill.

Bill Wiggin (Leominster) (Con): Does the Secretary of State agree that one thing that will not improve the marine environment is EU Commission regulation article 47, which relates to EU monitoring of recreational fisheries? It seeks to take away precious quota from our professional fishermen and heap a horrendous bureaucratic burden on the 1.5 million sea anglers, who contribute £1 billion to the economy. Will the Secretary of State join me and the newly formed Angling Trust and use every ounce of his strength to reject that ridiculous proposal?

Hilary Benn: My hon. Friend the Under-Secretary will meet representatives of the Angling Trust shortly to discuss the matter. In the end, it is important that we strike a balance, on that issue and others. We are determined to ensure that there are opportunities for sustainable fisheries and I pay tribute to my hon. Friend's achievement in the fisheries negotiations just before Christmas. Such things are difficult to balance, but we achieved a reasonable outcome.

Animal Diseases/Contaminated Feed

2. **Mr. Michael Jack** (Fylde) (Con): What steps his Department plans to take to ensure that cattle in England are protected from animal diseases and contaminated feed in 2009. [247628]

The Minister of State, Department for Environment, Food and Rural Affairs (Jane Kennedy): The Government are funding scanning surveillance to detect the emergence of new or exotic diseases in cattle. The diagnosis and disease investigation service is subsidised and offered to farmers through their private vets, and the analysis of samples is delivered by the Veterinary Laboratories Agency. There are also projects targeted at specific diseases. DEFRA collaborates with the Food Standards Agency, Animal Health and the Veterinary Laboratories Agency to manage contaminated animal feed incidents.

Mr. Jack: The Minister's answer contains some reassurance, but she will be aware of the devastating effect of the feed contamination in Ireland just before Christmas on the whole of that country's pork meat industry—large amounts of product had to be destroyed. What specific steps have been taken to minimise the risk of such an event in the United Kingdom, and does the Minister agree that what happened emphasises the importance of better product labelling to enable us to enhance traceability if such an incident were to occur here?

Jane Kennedy: I agree with the right hon. Gentleman. I am in active dialogue with my right hon. Friend the Minister with responsibility for public health. We need to learn the lessons from that recent incident to make sure that our procedures are as robust as we believe they are. However, the assurance scheme that protects British-produced pork—bacon, ham and other pig products—has really proved its worth in the past month. Consumers can be assured that when they purchase pork, bacon or ham that bears the British quality standard mark agreed with the British Pig Executive and which applies throughout the whole food chain, they are buying a product derived from animals that have been fed, reared and processed to the highest standards of animal welfare and food safety.

Mr. Russell Brown (Dumfries and Galloway) (Lab): This is not just an issue about the protection of livestock in England; it applies right across the UK. Will the Minister assure the House that she regularly discusses issues such as animal disease and contaminated feed with her colleagues in the devolved Administrations?

Jane Kennedy: Yes, indeed. As my hon. Friend would expect, I am very interested in working collaboratively with the devolved Administrations. The recent report of the Environment, Food and Rural Affairs Committee has made recommendations on the pork industry, referring to the Scottish taskforce for pig products. I want to learn from the Scottish experience, and I will be in touch with ministerial colleagues in the other authorities.

Tim Farron (Westmorland and Lonsdale) (LD): Given that the Government were essentially responsible for the outbreak of foot and mouth disease in 2007, surely they have an even greater responsibility to farmers, consumers and farmers' livestock to protect against other animal diseases, including bluetongue? There is a vaccine against bluetongue strain 8, but not against other strains of the disease. Serotype 1 of the disease was discovered in Blackpool less than two months ago and is present elsewhere in western Europe. Given the devastating impact of an outbreak of bluetongue, not only on animal welfare but on farm incomes, what steps are the Government taking to ensure that we are protected against other strains of the disease?

Jane Kennedy: As the hon. Gentleman would expect, we are monitoring the situation very closely. Our veterinary and animal health authorities conduct very strict surveillance. I am not aware of any circulating bluetongue disease found in the UK in 2008. The vaccination uptake previously was high in the south and the east of England, and the Pirbright experts believe that this was effective in controlling the BTV8 outbreak. We are not complacent, however—we know that we must keep all this work under very close review. We are conducting post-import tests for all bluetongue stereotypes. Every type of bluetongue can be detected through routine testing. We are urging the industry to consider the risks and to check the health and vaccination status of animals when sourcing any animals from within the UK or, indeed, from abroad.

Mary Creagh (Wakefield) (Lab): Animal feed is one very important part of the food chain, but the focus and function of animals and farms in passing on manure to allotment holders is another vital part of the food chain. I have been contacted by allotment holders in Wakefield who have had farmers selling them manure that is not pure but has been contaminated with chemicals. What has my right hon. Friend's Department been doing to ensure the minimisation of that and to ensure that people who want to grow their own do not end up with distorted carrots and parsnips?

Jane Kennedy: I am very interested in the case that my hon. Friend has brought to the House, and I would want to have the opportunity to look into it in detail. The Environment Agency will be closely at work on the detail of this matter, and my right hon. Friend the Secretary of State is also following it closely. We are aware that a particular product has been withdrawn. I will be happy to meet my hon. Friend, or if she would care to write to me with the details of the representations that she has received, I will be happy to look into them.

Mr. Richard Benyon (Newbury) (Con): The people at the forefront in combating disease in our animals are the institutes of animal health. Will the Minister join me in paying tribute to the scientists and other staff who work at the Institute for Animal Health at Compton in my constituency and give them some assurance that the future of the institute in that location will be confirmed?

Jane Kennedy: As the hon. Gentleman will know, no decisions have yet been taken regarding the institute and the other organisations with which it works. I am more than happy to join Members on both sides of the House in paying tribute to the work of those people in his constituency, who do extremely important work. I hope to visit their organisation in the near future to learn about their work.

Surface Water Drainage Charges

3. **Dr. Brian Iddon** (Bolton, South-East) (Lab): What assessment he has made of the effects of the new surface water drainage charges on sports and social clubs; and if he will make a statement. [247629]

The Parliamentary Under-Secretary of State for Environment, Food and Rural Affairs (Huw Irranca-Davies): My hon. Friend will know that it is for Ofwat, as the independent economic regulator of the water industry, to approve water companies' charging schemes. However, to give him some reassurance, I can say that we are very aware of the problem of affordability faced by some customers as a result of the switch to site area charging for surface water drainage, and we are actively looking at what can be done.

Dr. Iddon: I am grateful for that answer. Throughout the north-west, sports and social clubs are receiving from United Utilities water rate bills that include a new surface area water drainage charge that is resulting in an increase of about 400 per cent. in the three-year transitional period. In discussing this matter with Ofwat, will my hon. Friend remind it of the guidance that was given following the passage of the Water Industry Act 1999? It said:

> "It would be inappropriate to charge all customers as if they were businesses."

Huw Irranca-Davies: I thank my hon. Friend for raising this issue. It is worth reiterating the advice issued by the then Secretary of State in 2000, which said of that guidance:

> "those making similar demands on services should be charged on the same basis... surface water drainage charges"

for non-household customers

> "should be set in a way that is sensitive to the actual use of the service by different premises. Premises with large grounds, such as burial grounds, schools, hospitals"—

and playing fields—

> "may have a large proportion of their land not draining to a public sewer. Companies should be prepared to set their charges...accordingly".

It is worth reiterating that advice on the guidance. As I say, we are actively considering what may be done.

Sir Nicholas Winterton (Macclesfield) (Con): I fully support every word uttered by the hon. Member for Bolton, South-East (Dr. Iddon). Will the Minister go further than he so far has in dealing with this grotesquely unfair charge, which could put a number of social clubs, sporting clubs and—yes, I shall mention them—churches in grave financial difficulty? I hope he will indicate that he will approach Ofwat and ask it to review the whole basis of the charge. It is a licence for the water companies, particularly United Utilities, to print money, and we want to stop it. It is unfair. Will he give a firmer assurance about the action that the Government will take?

Huw Irranca-Davies: Once again, I thank all hon. Members who have raised this issue, which is vital for their constituents and for small organisations, churches, sports clubs and so on in their areas. I hope that I have made it clear to the hon. Gentleman and others just how seriously we take this matter, and that we will examine what can be done. I cannot go further than that today, but we are actively considering it.

It is worth stating that Ofwat's approach is that in principle, site area-based charging is overall the fairest means of charging for surface water drainage. However, the charge relates only to areas draining into a public sewer from impermeable surfaces such as the roofs of buildings or car parks. Grassy areas such as sports fields, burial grounds and so on will not be liable to charges. Ofwat is making that clear to companies, and I glad to restate it today.

Mrs. Ann Cryer (Keighley) (Lab): At the risk of repeating what the hon. Member for Macclesfield (Sir Nicholas Winterton) said, may I focus on the application of the new surface water charges to ancient cathedrals and churches with huge roof spaces? They will be adversely affected, and some are already struggling. I had better declare an interest: I am an honorary lay canon of Bradford cathedral.

Huw Irranca-Davies: I thank my hon. Friend. I am more than happy, on the basis of the comments that have been made today and other representations that have been made, to examine individual cases. It is worth my saying also that if a customer is of the view that he or she has been charged for permeable areas, in the first instance they should raise the matter with the water company, bearing in mind the guidance that is on record and has been reiterated today. Failing that, they should raise it with the Consumer Council for Water. I reassure Members that we are taking concerns seriously and actively considering what can be done.

Miss Anne McIntosh (Vale of York) (Con): The Minister will be aware that the Government rightly applaud the work of faith-based and other voluntary sector groups such as sports clubs, the guides and the scouts. The gross increase in charges that the hon. Member for Bolton, South-East (Dr. Iddon) pointed out could not come to such volunteer-based organisations at a worse time than this time of economic hardship. Will the Minister intervene and ask what economic and financial impact assessment has been done and whether it was done during or before the economic crisis? May we please have a moratorium on the charges until such an assessment has been carried out?

Huw Irranca-Davies: I cannot offer the hon. Lady a moratorium on the charges, but I can assure her that as part of our examination of what is currently going on and our undertaking to review how the charges are rolled out, we will take into consideration the factors that she has mentioned, including the economic impact.

This is an opportune moment to say that Ofwat is encouraging churches and other customers to double-check their chargeable area, to ensure that those who are entitled to a lower bill by virtue of a small permeable area are receiving one. I have been made aware of instances where that has not happened, so I thank the hon. Lady for raising the matter.

Air Quality

4. **Ben Chapman** (Wirral, South) (Lab): What recent discussions his Department has had with the Environment Agency on the protection of air quality. [247631]

The Secretary of State for Environment, Food and Rural Affairs (Hilary Benn): My officials meet with the Environment Agency on a regular basis to discuss air quality and progress in meeting emission limits.

Ben Chapman: What comfort can my right hon. Friend give my constituents in Eastham, who are faced with the possible construction of a Biossence gasification plant and an Agri Energy tallow plant, that if those projects go ahead they will continue to enjoy clean and safe air, and that any installations will be appropriately monitored?

Hilary Benn: I understand that Biossence Ltd held pre-application discussions with the Environment Agency last March. It expressed the intention to apply for a permit under the environmental permitting regulations. If it does, there must be statutory consultation, and in the end the Environment Agency decides on applications, either granting the permit with conditions or refusing it. In making any application, an operator needs to cover various matters, including satisfactory environmental management of the installation, adequate monitoring and compliance with EU directives and other requirements. I hope that that offers him and his constituents some reassurance.

Mr. James Gray (North Wiltshire) (Con): How much harder will it be to achieve air quality objectives if the 222,000 extra flights a year which will result from the third runway at Heathrow go ahead? Will the Secretary of State outline the extent to which he wholeheartedly gives his passionate commitment and support to the third runway at Heathrow?

Hilary Benn: The hon. Gentleman must be a little more patient because my right hon. Friend the Secretary of State for Transport will make a statement later today. To answer the first part of the hon. Gentleman's question, the Government have always made it clear that our air quality and noise targets must be met before any expansion can go ahead.

Mr. Barry Sheerman (Huddersfield) (Lab/Co-op): In his discussions with the Environment Agency, will my right hon. Friend emphasise that the public need to know that all our decisions on air quality are based on good science? In the past, the Environment Agency has listened too much to Greenpeace and other campaigners about, for example, energy for waste. The air quality is perfectly good, EU regulations are fine and the debate requires science, not passion.

Hilary Benn: I am a great believer—I am sure all hon. Members are—in science, facts, information and effective monitoring so that we can make the right decisions. Science of course informs the limits that domestic and European legislation have put in place. We must recognise that there has been real progress in the past 30 years in improving air quality in the country. However, there is some way to go on some forms of pollution. It is a genuine problem because the pollution we still have reduces average life expectancy by about seven to eight months. That is why we must keep up the progress.

Mr. Greg Hands (Hammersmith and Fulham) (Con): The Secretary of State has a reputation for being quietly effective, but he lives in west London so he understands the impact that a 46 per cent. increase in Heathrow capacity will have on the environment of my constituents and others across that area. On Heathrow expansion, has he been defending Londoners at the Cabinet table, or has his reputation for quietness extended to silence on this occasion?

Hilary Benn: I am not known for my silence, and I have made it clear that my responsibility as Environment Secretary is to ensure that the Government's air quality and noise targets are met. When the hon. Gentleman has a chance to hear the announcement by the Secretary of State for Transport later, he will find the answer to his question.

Mr. John Grogan (Selby) (Lab): May I ask my right hon. Friend once again whether Government approval for the third runway at Heathrow would make it easier or harder to meet the air quality standards? The House will be interested in his views.

Hilary Benn: As I have already said in answer to the first question on the subject, the Government have made it clear that any decision on expansion must be subject to our meeting our targets for air quality and noise. That is essential. As I have said to other hon. Members, if my hon. Friend waits a little longer, he will learn from the announcement by the Secretary of State for Transport how that will be given effect.

Mr. Peter Ainsworth (East Surrey) (Con): The Department has made something of a habit of wasting taxpayers' money through paying expensive fines for failing to deliver its targets and for serial incompetence. The impending threat of further punishment from the EU for failing to meet air quality standards is only the latest example. The Olympic Delivery Authority in east London stands accused of doing little or nothing to fulfil its promises to cut air pollution from construction. What is the Secretary of State doing about that?

Hilary Benn: I know that those who are working on the construction of the Olympics are conscious of the need to try to ensure that it is done in the most environmentally friendly way. On the substance of the question, we are currently not meeting the targets for the two pollutants PM10 and nitrogen dioxide. However, we are not unique in that. If the hon. Gentleman considers the rest of the EU, he will find many other countries that do not meet the requirements. That is why provision was made in last year's revision to the directive for member states to apply for more time to do so. As I have already said, it is likely that we will need to apply for more time to meet the requirements on PM10 and nitrogen dioxide.

Mr. Ainsworth: The answer, then, is not a lot. Let me join those over in west London who have already done this and ask the Secretary of State exactly how a third runway at Heathrow will help to cut air pollution. Will he confirm that, as a result of the statement that we will hear later today, the Government's decision will cause millions of people to face blight, pollution, deteriorating air quality and noise, will massively affect the natural environment and affect people's well-being? He is the Environment Secretary and we want to hear his view. It is no good hiding behind the latest statement. He has, to his credit, been notably silent in his enthusiasm for expanding Heathrow, but clearly he has little clout. Has he perhaps considered as a last resort joining Airplot, the organisation that is safeguarding land at the airport? That might be his only way of getting a share of the action.

Hilary Benn: I note the hon. Gentleman's comment, and in response I simply say that I have said throughout that my responsibility is to ensure that if there is to be any expansion—he, like other hon. and right hon. Members will have to be a bit more patient—it will be subject to the Government's being able to demonstrate that we will meet the air quality and noise targets that we have set. If he just waits a little longer, he will see how the Government intend to ensure that we fulfil those promises.

Fishermen (Assistance with Aid Applications)

5. **Mrs. Anne McGuire** (Stirling) (Lab): What assistance is available for fishermen applying for European fisheries fund aid for new nets and modifications to existing gear necessary to meet the new conservation measures agreed at the European Fisheries Council. [247632]

The Parliamentary Under-Secretary of State for Environment, Food and Rural Affairs (Huw Irranca-Davies): In response to my right hon. Friend's question, I am pleased to confirm that funding is indeed available, under both axis 1 and axis 3 of the European fisheries fund, for vessel owners to change to more selective gear. Applicants should first make contact with the fisheries department in their operational area for direct advice on application procedures.

Mrs. McGuire: I thank my hon. Friend for his answer. I would also like to put on record my recognition of the robust leadership that he gave at the recent Fisheries Council, when some of the Commission's more outrageous proposals, including the closure of the west coast fishing grounds, were challenged and changed. I only regret that his Scottish fisheries counterpart did not more generously recognise the role that he played. He has identified funding and he will be aware that the Scottish Fishermen's Federation is looking to unlock funding for intelligent gear and nets. I hope he will co-operate with the Scottish Government to maximise such funding, because any trials piloted in Scotland will have a benefit across the whole of the UK fishing fleet.

Huw Irranca-Davies: I thank my right hon. Friend for her warm words about what was a tough but good outcome from the fisheries negotiations. I am pleased that last year we launched the EFF, with £100 million for UK fisheries right across the UK to improve their sustainability. I will be working alongside others, including Scottish fisheries colleagues and the Scottish Executive, to ensure that there is good use of those funds to support the sustainable use of fisheries. To echo her comments, I am particularly pleased that as part of the negotiations we managed to save the livelihoods of people on the west coast of Scotland.

Mr. Alistair Carmichael (Orkney and Shetland) (LD): If ever there were an issue where good, effective working relations between the Minister and Richard Lochhead in Edinburgh were so important, this is surely it. May I urge the Minister to remain engaged with the fishing industry itself as the new technical measures are rolled out? He will be aware that serious concerns were expressed by those parts of the fleet that operated on the west of Scotland about the suitability of some of the early measures. Those concerns must not be forgotten now that the deal is done.

Huw Irranca-Davies: The hon. Gentleman makes absolutely the right points. I intend to continue close engagement, both with the Scottish Executive and with fishermen on the ground, because there is a level of local expertise and knowledge that has really helped us in the negotiations and which will have to help us, in what will be a challenging year, to deliver sustainable fisheries. I can give the hon. Gentleman an assurance that I will remain engaged at all levels, and I will, I hope, be visiting the west coast of Scotland in the near future.

Water Charges

6. **Mr. David Evennett** (Bexleyheath and Crayford) (Con): What recent discussions he has had with Ofwat on water prices. [247633]

The Secretary of State for Environment, Food and Rural Affairs (Hilary Benn): I met the chairman and chief executive of Ofwat on 16 December to discuss the 2009 review of water price limits, covering the period 2010 to 2015.

Mr. Evennett: I thank the Secretary of State for that response, and I note the response about clubs that his Minister gave earlier. However, I would like to ask what the Government are doing to reduce the burden of water bills on domestic households by tackling other factors that affect the price of water, such as the non-payment of bills, which leads to those who do pay their bills subsidising those who do not.

Hilary Benn: That was one of the issues that I discussed in the meeting to which I referred. It is important that water companies are able to collect the payments that are due, recognising that in the current economic circumstances some people have genuine difficulty in paying their bills. I attach particular importance, as does Ofwat, in taking final decisions about the price review and its impact on bills between 2010 and 2015, to the question of affordability. Like many things in life, it is a question of balance, as it is also necessary to take further action on reducing leakage and improving some environmental problems, particularly those relating to the Thames area, United Utilities and some other parts of the country.

7. **Mr. David Drew** (Stroud) (Lab/Co-op): What recent representations he has received on the rate at which charges for water are applied to schools, churches and voluntary organisations; and if he will make a statement. [247634]

The Parliamentary Under-Secretary of State for Environment, Food and Rural Affairs (Huw Irranca-Davies): The Secretary of State has received a range of representations from various groups regarding surface water drainage charges. As I said in response to an earlier question, the Government are aware of the issue of affordability raised by the switch to site area charging, and we are actively considering what can be done.

Mr. Drew: I thank my hon. Friend for his reply—obviously, I heard the exchange on Question 3, asked by my hon. Friend the Member for Bolton, South-East (Dr. Iddon). Strong representations are being made and it would be good to hear whether they are reaching the Minister's door. The problem has been around for 10 years—I read a debate from 1999 in which the current Home Secretary raised the issue of the potential fallout from changes in water charges. Is it not about time that we told Ofwat that its proposals are wrong, and that organisations should be properly protected from such excessive increases?

Huw Irranca-Davies: My hon. Friend is right that the issue has been around for some time. I reiterated earlier the advice that the former Secretary of State gave in 2000, which is important to note. I reassure my hon. Friend that we will not leave the issue lying. We are aware of the concerns, and the Secretary of State and I are actively considering what can be done.

Topical Questions

T1. [247647] **Kerry McCarthy** (Bristol, East) (Lab): If he will make a statement on his departmental responsibilities.

The Secretary of State for Environment, Food and Rural Affairs (Hilary Benn): The Department's responsibility is to enable us all to live within our environmental means. I inform the House that the Rural Payments Agency has now made full single payment scheme payments to 78 per cent. of farmers, which amounts to 67.4 per cent. of the estimated total fund. As the House will be aware, the RPA's target is to make 75 per cent. of SPS 2008 payments by value by the end of this month, and 90 per cent. by the end of March.

Kerry McCarthy: I thank the Secretary of State for that response. Earlier, we rightly discussed the importance of protecting consumers by ensuring adequate food safety standards in the meat industry, but it is equally important to protect animal welfare. Does my right hon. Friend support the Royal Society for the Prevention of Cruelty to Animals in its "Rooting for pigs" campaign to ensure better animal welfare standards within the pig industry?

The Minister of State, Department for Environment, Food and Rural Affairs (Jane Kennedy): Yes. A set of labelling definitions, such as "free range" or "barn grown", agreed between the RSPCA and the UK pig industry, would be extremely powerful and command much public support. I prefer a voluntary agreement to the imposition of more legislation, and I welcome the good progress made so far. We are close to agreement between all the parties, including the supermarkets, on a set of assurance scheme criteria. All of us who enjoy pork and bacon will welcome such a labelling scheme. It will allow us to exercise an informed choice and to support our farmers, particularly in delivering higher standards of welfare.

Mr. Roger Williams (Brecon and Radnorshire) (LD): The Under-Secretary of State for Environment, Food and Rural Affairs will be aware of bids by water companies outside Wales to supply customers inside Wales, particularly in a development in his constituency known as Valleywood. Will he meet me to discuss the important issues raised by that attempt?

The Parliamentary Under-Secretary of State for Environment, Food and Rural Affairs (Huw Irranca-Davies): As the hon. Gentleman knows, elements of water policy in Wales are devolved, but the regulatory regime remains with Westminster. On that basis, I am more than happy to meet him to discuss the matter at the earliest opportunity.

T6. [247652] **Lyn Brown** (West Ham) (Lab): In November I welcomed the announcement of spending on the Prescott lock in my constituency, but rumours abound that the Olympic legacy of usage, leisure and working of the Bow back waters is currently under threat. Will my hon. Friend meet me to discuss this issue, which is important to my constituents?

Huw Irranca-Davies: I am more than happy to meet my hon. Friend, not least because she has been a tireless advocate of regeneration in relation to the Olympics and her own communities.

I visited Prescott lock recently. We were fortunate enough to be in a position to allocate £2 million to its development, and to ensure—this is relevant to an earlier question—that construction materials for the site were delivered on our canal network, in which the Government are investing.

As I have said, I am more than happy to meet my hon. Friend, because I think that we have a good news story to tell.

T3. [247649] **Mr. Andrew Pelling** (Croydon, Central) (Ind): Does the Minister concur with the recent finding of the Advertising Standards Authority that biofuels should not be described as sustainable?

Hilary Benn: I know that the authority reached that decision recently, and I am happy to respond to the hon. Gentleman in further detail. Obviously the judgment on advertising is one for the authority to make. As for the Government's policy, the hon. Gentleman will be aware of the review conducted by Ed Gallagher last year, which examined precisely this question. What the Government have said throughout is that we need to be sure that biofuels are sustainable. We need to consider both the direct impact, in connection with which a comparison can be made with the petrol and diesel that they might replace, and the more complicated issue of the indirect effect. The British Government have been pressing strongly in Europe for sustainability standards that can give the public confidence that biofuels are indeed sustainable.

Mr. David Kidney (Stafford) (Lab): Does this week's vote on pesticides in the European Parliament mean that the United Kingdom Government have lost the argument on control of existing pesticides, or will there still be the possibility of insisting on a full impact assessment before any change in established practices is forced on British farmers? Should we not make decisions about such changes on the basis of the best possible evidence?

Hilary Benn: I entirely agree, and I have been making the same point for a very long time. Indeed, I have asked the European Commission for a full impact assessment, but none has been forthcoming. As I have said publicly, this is not a very good basis on which to make decisions. If you are asked to sign up to something, it kind of helps if you know what it is that you are signing up to.

I must be frank with the House. I regret that there do not appear to be enough other member states that share the concern that we have expressed so forcefully. We will of course use the possibility that exists in the final shape of the proposals to seek derogations where they are necessary, but there is a fundamental principle here. A balance must be struck. We take the protection of public health extremely seriously, but we must also enable farmers to protect their crops so that we can grow the food that we need. We must make decisions on the basis of good evidence and sound science, and I am sorry that that has not been done on this occasion.

T4. [247650] **Andrew Stunell** (Hazel Grove) (LD): Will the Secretary of State agree to hold an urgent meeting with United Kingdom paper manufacturers to listen to their suggestions for reviving the international waste paper recycling market, the state of which is threatening many local authority schemes that are very important to our sustainability profile?

Jane Kennedy: I am very happy to offer the meeting that the hon. Gentleman has suggested. I acknowledge the concerns that exist in the paper recycling industry, and I am more than happy to keep the door open for him and any constituents whom he may wish to bring.

T5. [247651] **Mr. Michael Jack** (Fylde) (Con): Today's report on deer, and the fact that we now have a second reservoir of bovine TB, emphasise the importance of further action. Can the Minister explain why, by the end of October last year, 4,500 tests remained to be carried out? What steps is she taking to remedy the situation, in light of the continuing and growing concerns over this cattle disease?

Jane Kennedy: I acknowledge that bovine TB is our biggest endemic animal health issue. Working to eradicate this terrible disease is at the top of my agenda, given the devastating impact that it has.

We have a zero tolerance policy on overdue tests. We have pre-movement tests for cattle moving from high-risk herds, and extended use of the gamma interferon test. We are also actively pursuing the future use of vaccination. However, we need to consider further measures with the industry, and that is exactly the aim of the new bovine TB eradication group.

Mr. David Chaytor (Bury, North) (Lab): On air quality, although concern is currently understandably focused on Heathrow and London, will the Secretary of State look into air quality in Greater Manchester? Following the failure of the transport referendum, there is now a big vacuum in public transport policy in Greater Manchester and there are huge issues in relation to worsening air quality. Will the Secretary of State discuss this with his counterpart at the Department for Transport and with the Environment Agency?

Hilary Benn: Yes, I certainly will, because as my hon. Friend rightly points out, air quality limits are currently being exceeded in several parts of the country. The principal problem is road traffic, and we set out the steps we propose to take in the air quality strategy published last year. I have already pointed out to the House that we will very probably have to apply to the Commission for further time to meet the targets; if it is to grant us further time, we will have to set out to its satisfaction in those applications the further steps we intend to take to meet the targets. This is a responsibility of the Government, and I take it very seriously, but it is also a responsibility of those who can influence questions of traffic management in our big towns and cities across the country.

T7. [247653] **Mr. Philip Hollobone** (Kettering) (Con): Light-emitting diode—or LED—lighting technology is super-efficient: it generates just 5 per cent. of the wattage of a normal bulb, generates very little heat and has no mercury. Will the Secretary of State discuss with the Carbon Trust whether it can promote that technology, rather than the intermediate energy-efficient technology it is currently promoting?

Hilary Benn: I am happy to take up that suggestion, and I will do so. That is an important technology, which is still in a state of evolution. In the fight against climate change and the effort to reduce carbon emissions, we need all the technological assistance we can get. I would not, however, have a go at what the hon. Gentleman describes as the intermediate technology, because low-energy light bulbs certainly do save consumers money—even taking account, in some cases, of the additional costs—because of the longer life of the bulbs and the reduced energy consumption involved, but technology needs to continue to evolve to help us in this task of reducing our emissions.

David Taylor (North-West Leicestershire) (Lab/Co-op): The Secretary of State is known for not being swayed by passion, and for being an open-minded man who is happy to rely on science and his advisers. The Environment Agency has said that the third Heathrow runway would exceed EU pollution limits because of unsafe nitrogen dioxide levels. How is it right—or how would it be right, to use the correct tense—for such advice to be discarded in a cavalier and cursory fashion?

Hilary Benn: I am certainly not in favour of discarding any advice in a cavalier fashion. I say once again to the House—I am sure my hon. Friend will listen very carefully to this—that the Government are determined that we will meet the air quality and noise targets that we have set. That would be a condition on any expansion of Heathrow. People will be able to make a judgment about whether they think that condition has been met when they hear what my right hon. Friend the Secretary of State for Transport says shortly.

T8. [247654] **Mr. Greg Hands** (Hammersmith and Fulham) (Con): The Secretary of State will acknowledge that even in its current configuration Heathrow exceeds the pollution limits in the aforementioned EU air quality directive. Has he applied yet for the derogation that he says he will be seeking from that directive? If so, in terms of the road map he would have to outline for reaching eventual compliance with the directive, can he tell us how 220,000 additional flights each year would help in achieving that?

Hilary Benn: I am sure that the hon. Gentleman is aware that, in relation to nitrogen dioxide and Heathrow, the principal problem is road traffic, not aircraft movements. Therefore, what happens on the M4 and other roads in that area has a significant impact. We have not yet applied for that derogation. We are likely to do so first in relation to PM10, because we should have achieved the targets by 2005—many other member states have not—and it is possible to allow for extra time until 2011. In relation to nitrogen dioxide, the date for achieving the target is 2010; we are not going to do so, for the reasons I have set out, and the derogation would extend that to 2015. The hon. Gentleman is right that the Government will have to set out to the satisfaction of the Commission that we have a credible plan for dealing with that. We will have to do so in relation to all the sites where there is a problem, including Heathrow, but as I hope he is aware, Heathrow does not present the biggest problem, because those limits are exceeded by a greater margin in other locations around the country.

SOLICITOR-GENERAL

The Solicitor-General was asked—

Mortgage Fraud

1. **Mr. Adrian Bailey** (West Bromwich, West) (Lab/Co-op): What steps the Serious Fraud Office plans to take to protect people against mortgage fraud. [247655]

The Solicitor-General (Vera Baird): In November, the National Fraud Strategic Authority published an action plan to bring together public and private efforts to target mortgage fraud, and it intends to review the plan in a year. In support of that programme, about a tenth of the Serious Fraud Office's current caseload is about mortgage fraud.

Mr. Bailey: I thank the Solicitor-General for her reply. My constituents, like those in other areas, are having difficulty in obtaining mortgage finance for the purchase of homes in the current economic climate. Given the difficulties in obtaining funds, can she assure me that she will do everything she can, working with the legal profession, to ensure that the funds that are available are used for legitimate house purchases and not by profiteering fraudsters?

The Solicitor-General: As ever, my hon. Friend has the interests of his constituents closely in mind. The SFO has recently produced best practice guidance both for lenders and for lawyers who deal with mortgages. The intention of that is, in part, to make it crystal clear when something odd is beginning to happen in a mortgage transaction so that a broader range of people than has been the case historically are able to spot it before things go too wrong. An important part of the whole fraud strategy is turning resources towards protection and prevention and, as the Director of Public Prosecutions said recently, as one would expect the prosecution and investigation authorities are taking on board what is happening in the economy and assessing its impact on crime patterns. I hope that gives my hon. Friend some of the reassurance that he seeks.

Rob Marris (Wolverhampton, South-West) (Lab): The SFO and the Financial Services Authority seem to have been asleep at the wheel in recent years in respect of mortgage fraud and near-fraud, which appears to have been carried out by some financial services companies themselves. Can the Solicitor-General tell me what steps she proposes to take, with her ministerial colleagues, to improve the rather poor performance of the SFO and FSA in recent years?

The Solicitor-General: My hon. Friend's point is unarguable really, although it was not all bad in the SFO and there were some very commendable results. He will know that a review of its functioning was carried out by Jessica de Grazia, which reported in 2008, and that a fresh director, Richard Alderman, was appointed around the same time. He has instituted quite a large number of the changes that Ms de Grazia proposed and some further ones; they are designed primarily to strengthen the leadership team, improve staff training and shorten the time that it takes to get cases to court. Quite a sizeable transformation programme is in process, and I shall send my hon. Friend more detail of that if he so wishes.

National Fraud Strategic Authority

2. **Anne Moffat** (East Lothian) (Lab): By what means the new National Fraud Strategic Authority is intended to improve protection for businesses and the public against fraud. [247656]

The Solicitor-General: The NFSA is developing its first national fraud strategy, which follows an extensive consultation with public and private sector bodies. The strategy is intended to bring together Government, enforcement and private sector activity to tackle and prevent fraud. The strategy will be published in the next few months.

Anne Moffat: I thank my hon. and learned Friend for that answer and commend her for coming in when she is obviously quite poorly—I hope that she will soon be on the mend. The formation of the NFSA is welcome, but will its role include fraud prevention? If the NFSA is to be at all strategic, its role surely must include fraud prevention.

The Solicitor-General: My hon. Friend has got exactly to the point identified by the review: although agencies are in place to prosecute, to sentence and to seize assets, a focus must be on spotting fraud early so that the public can be protected from it before it starts, and it can be prevented and disrupted. It was with that aim in mind that the NFSA was set up to co-ordinate and fill in the gaps of our national effort against fraud. The NFSA is working closely with Lothian and Borders police in particular in leading the development of a comprehensive Scottish fraud strategy to match this one.

Serious Fraud Office

3. **Mr. Adam Holloway** (Gravesham) (Con): If she will review the effectiveness and efficiency of the Serious Fraud Office. [247657]

The Solicitor-General: Once again, this is about the Serious Fraud Office and our efforts to combat fraud. Since publication of the de Grazia report, to which I have referred, the director of the SFO, Richard Alderman, has made many changes to the leadership team, improved staff training, and introduced measures to shorten the time taken to get SFO cases to court. He has reorganised the operational divisions and introduced a case management reform programme. The hon. Gentleman has probably read that a new general counsel, Vivian Robinson QC, with whom I am acquainted from my practice and who is an excellent choice, was recently appointed to sharpen up that end of the SFO's work.

Mr. Holloway: That is a more detailed explanation, but is the Attorney-General confident that the recent number of failed cases will be turned round by that?

The Solicitor-General: I am sure that my noble and learned Friend the Attorney-General will be as confident as I am of what I am about to say. There have been early successes, bearing in mind that Mr. Alderman has been in post less than a year. In October, the SFO obtained its first ever civil recovery order under the Proceeds of Crime Act 2002 in a case in which Balfour Beatty was required to return £2.25 million of resources that it had progressed with. There are currently six specific mortgage fraud cases on the SFO's stocks, and much has been done to sharpen its procedures up front so that it spots and evaluates more quickly which cases it should pursue and which it should leave. I hope that its conviction rate will follow that of the American models that the de Grazia review used.

Fiona Mactaggart (Slough) (Lab): Will the Solicitor-General agree to meet me and the former director of Excel Engineering, which was involved in one of those cases and had the largest number of people prosecuted for fraud? The company, which was the main victim of that fraud, has not been properly compensated, although other complainants who were involved in the fraud have been.

The Solicitor-General: My hon. Friend has previously raised that matter with me in general. I am not sufficiently apprised of the details to comment, but I will gladly meet her as soon as practicable.

Mr. Jonathan Djanogly (Huntingdon) (Con): May I suggest that the Government are too complacent in their approach? We have correctly identified that the de Grazia report showed a significantly poor SFO performance, relative to US prosecutors, in cost per case, staffing per case and conviction rates. One third of the SFO's management then left the service, and on top of that, only two days ago, the Solicitor-General made a written statement requesting an extra £15 million, but giving no reason whatever. Is it not increasingly looking as though the SFO is an organisation in crisis? The Solicitor-General needs to explain urgently what is going on with the SFO's management.

The Solicitor-General: The hon. Gentleman could not be wronger—*[Interruption.]* Well, he tries hard, but he could not be wronger. It is not unexpected that when reports such as de Grazia's are produced and a new head comes into the SFO with different ideas about how it should be run, there is movement in the senior management. Richard Alderman seems to me from his presentations to be confident that the new people in post are likely to improve matters enormously. There is absolutely nothing odd, strange or overly demanding about the funding that has recently been given to the SFO. The hon. Gentleman should not be led astray by a Liberal Democrat piece of nonsense that was fed to the press. The *Daily Mail* reported that a spokesman for the SFO had said:

> "This additional funding is the anticipated and agreed amount for this financial year."

May I explain, in case the hon. Gentleman does not know, that funding for the SFO is based on blockbuster cases, which need the replenishment of funds as they are inquired into? The procedure that has taken place just recently is a very normal one.

David Howarth (Cambridge) (LD): I am glad that the Solicitor-General has come to that topic. Last year, the SFO came to Parliament to ask for £17 million extra, and Parliament was told that nearly £7 million of that was purely to cover administrative costs. This year, the SFO is coming to Parliament to ask for £20 million, which is more than half of its base budget, but we are not being told how much of that will be spent on purely administrative costs. In fact, the format of the estimates has been changed so that it is now impossible to tell how much the SFO is spending on administrative costs. Will the Solicitor-General tell the House what the £20 million is being spent on? How much is being spent on administrative costs and how much on cases? Will she also explain why the format of the estimates was changed?

The Solicitor-General: I know of no important change in the format of the estimates. There is no figure of £20 million of which I am aware—I think there has been a little bit of exaggeration. The SFO has an additional £18.81 million, made up of £15.45 million and £3.36 million. That money is largely for the normal accrual of blockbuster cases. In addition, of course, the transformation programme to which I have alluded also requires replenishment. They are perfectly normal bits of funding. A contingency payment has been made and formal parliamentary approval will come in the spring supplementary estimates. If the hon. Gentleman wants any more detail, I invite him to write to me rather than simply getting it wrong and assuming something sinister when there is nothing sinister at all.

Sexual Abuse Victims (Court Proceedings)

4. **Julie Morgan** (Cardiff, North) (Lab): What plans she has to make it easier for those who have undergone sexual abuse to give evidence in court proceedings. [247658]

The Solicitor-General: The Coroners and Justice Bill, which was introduced to the House yesterday, will allow into evidence as of right, as it were, records of first interviews with complainants of serious sexual offences. That will avoid their having to go through the whole story again from the start in court. It will also allow in evidence from the first time that they complain of an alleged offence. Historically, complaints have only been allowed in when they have been made quickly after the incident, but now the courts recognise that it often takes time before complainants can bring themselves to complain. We have also increased the number of sexual assault referral centres and the number of independent sexual violence advisers, who, in their different ways, befriend and support rape complainants.

Julie Morgan: I thank my hon. and learned Friend for that response and congratulate the Government on what they are doing in this field. In Cardiff, we have benefited from the recent opening of a sexual abuse referral centre based in the Cardiff royal infirmary and from an independent sexual violence adviser who helps victims in the courts. What more can be done to help those women, whose experiences are so traumatic, so that when they go to court they feel that they will have a fair hearing and will be able to get justice?

The Solicitor-General: An important aspect of sustaining people who complain—the British crime survey shows that about a third of people who are sexually assaulted never tell anyone about it, except presumably the British crime survey interviewers many years later—is sustaining their confidence to go to court. We can do that with sexual assault referral centres such the one my hon. Friend mentioned, Safe Island in Cardiff, with better trained police who interview in a more appropriate way and with better trained prosecutors. One hopes that from making a complaint to getting to court a complainant will be sustained and supported so she will have the confidence to get through. It seems to us that that is probably the most important factor in ensuring that women—and men—who have suffered sexual assault get justice.

Bribery

5. **Mr. David Heath** (Somerton and Frome) (LD): What recent discussions she has had with Ministerial colleagues on the law on bribery. [247659]

The Solicitor-General: The Government are currently actively considering the Law Commission's report on bribery, published in November 2008. We are committed to reforming that area of the law, and have announced that we will bring forward a draft Bill for pre-legislative scrutiny this Session.

Mr. Heath: Of course, the UK has been committed, by treaty, to reform in that area for some time, but has not yet made those reforms. The Government were not interested in taking forward proposals for legislation in previous Sessions. Now that we have very clear proposals from the Law Commission, why on earth can we not go ahead with them with the greatest possible urgency?

The Solicitor-General: Because although it is important that we act quickly, it is very important that we get it right. It is a complex issue and it merits pre-legislative scrutiny. Usually, the hon. Gentleman would welcome pre-legislative scrutiny as providing appropriate exposure of the law. There will be pre-legislative scrutiny in this case. I add that the OECD has recognised that our current law now meets the requirements of the convention, that we are in the top 10 per cent. of countries when it comes to ongoing investigations, that we are in the top third for convictions for bribery, and that we are one of the least corrupt countries in the world according to Transparency International.

Business of the House

11.35 am

Mrs. Theresa May (Maidenhead) (Con): May I ask the Leader of the House to give us the forthcoming business?

The Leader of the House of Commons (Ms Harriet Harman): The business for next week is as follows:

Monday 19 January—Second Reading of the Policing and Crime Bill.

Tuesday 20 January—Motion to approve European documents entitled "From Financial Crisis to Recovery: a European Framework for Action" and "A European Economic Recovery Plan", followed by motion to approve a European document relating to financial management, followed by motion to approve a European document relating to EU-Russia relations.

Wednesday 21 January—Opposition Day (1st Allotted Day). There will be a debate entitled "Access to Emergency and Urgent Care in the NHS", followed by a debate entitled "The Plight of Savers". Both debates will arise on an Opposition motion.

Thursday 22 January—Proceedings on a business of the House motion, followed by a debate on motions relating to freedom of information, followed by motions relating to Members' allowances.

The provisional business for the week commencing 26 January will include:

Monday 26 January—Second Reading of the Coroners and Justice Bill.

Tuesday 27 January—Second Reading of the Welfare Reform Bill.

Wednesday 28 January—Opposition Day (2nd Allotted Day). There will be a debate on an Opposition motion, subject to be announced.

Thursday 29 January—Topical debate: subject to be announced, followed by general debate on armed forces personnel.

Mrs. May: First, may I take this opportunity to welcome the hon. Member for Somerton and Frome (Mr. Heath) back to his role? The Leader of the House has received numerous requests for a debate in Government time on Zimbabwe. The situation there continues to worsen, and the fact that it is not on our television screens does not mean that it should be out of our thoughts. Will the Leader of the House commit to a debate to give all Members the opportunity to speak on this devastating and pressing issue?

After months of delay, the Transport Secretary will finally make a statement on Heathrow to the House today. Yesterday, the Prime Minister said:

> "There will be a debate about what he says".—[*Official Report*, 14 January 2009; Vol. 486, c. 212.]

I understand that the Prime Minister is to meet Labour Back Benchers after the statement has been made, but Members from all sides would welcome the opportunity for a debate, particularly as so many have signed early-day motion 339.

[That this House notes the Government's commitment given in the 2003 Aviation White Paper, The Future of Air Transport to reduce noise impacts and to ensure that air quality and environmental standards are met before proceeding with a third runway at Heathrow Airport; further notes the assurance given by the Prime Minister on 12 November 2008 that support for a third runway at Heathrow is subject to strict environmental conditions; further notes that Heathrow Airport is already in breach of the European Air Quality Directive to be implemented by 2010; welcomes the statement by the Secretary of State for Environment, Food and Rural Affairs that these environmental commitments should be honoured; supports the Chairman of the Environment Agency's decision to oppose the third runway on environmental grounds; and calls upon the Government not to proceed with the third Heathrow runway or mixed-mode and to put the matter to a vote on the floor of the House.]

Will the Leader of the House confirm when we will have a debate on Heathrow, and when all Members, on both sides of the House, will have the opportunity to question the Prime Minister on the issue?

The Leader of the House will also know that 85 Members have signed early-day motion 428 on Royal Mail.

[That this House notes that the Labour Party Conference 2008, with the backing of Ministers, supported a vision of a wholly publicly-owned, integrated Royal Mail Group; welcomes the conclusion of the Hooper Report that the current universal service obligation offered by Royal Mail, including six days a week delivery, must be protected and that the primary duty of a new regulator should be to maintain it; further welcomes the recommendations in the Report that the Government should take responsibility for the pensions deficit which followed an extended contributions holiday; endorses the call for a new relationship between management and postal unions and welcomes the commitment of the Communication Workers Union to negotiate an agreement which would support the modernisation of the industry; observes that in 2007 the Government agreed to a £1.2 billion loan facility on commercial terms to modernise Royal Mail operations; rejects the recommendation of the Hooper Report to sell a minority stake in Royal Mail which would risk fracturing one of Britain's greatest public services; further notes that the Government is currently advertising for a new Chair of Royal Mail; and urges the Secretary of State to appoint a Chair and management team who are committed to the principles of a modern public enterprise.]

May we have a debate in Government time on the future of Royal Mail, so that Members can discuss the Government's part-privatisation plans?

Official figures show that 100,000 pupils educated entirely under a Labour Government failed to attain at least one GCSE at grade C or above. That is an appalling record, particularly for a party that promised it was all about education, education, education. May we have a debate in Government time on what Ministers intend to do before it is too late for the next generation of schoolchildren?

The Leader of the House has made her commitment to protecting the primacy of this House, when it comes to announcements of Government policy, clear. On 10 January 2008, she said:

> "I take the matter very seriously. I agree that it is important that Ministers are answerable to this House rather than the media."—[*Official Report*, 10 January 2008; Vol. 470, c. 538.]

Yesterday's statement by the Under-Secretary of State for Business, Enterprise and Regulatory Reform, the hon. Member for Dudley, South (Ian Pearson), on the loan guarantee scheme was leaked to the BBC on Tuesday and was followed by media interviews with Ministers yesterday morning, and it was briefed in a press conference by Lord Mandelson. An oral statement was made in the House only because Mr. Speaker granted our request for an urgent question. While the country is in recession, not only is the Business Secretary not answerable to the House but there are four Business Ministers in the Lords and only one Minister solely from the Department for Business, Enterprise and Regulatory Reform in the Commons, which makes a mockery of the Prime Minister's pledge to strengthen Parliament. What is the Leader of the House going to do to ensure that announcements are made to the Commons so that Members can ask questions on behalf of their constituents?

Eighteen months ago, the Prime Minister said that all Ministers' relevant financial interests would be released

"to ensure proper scrutiny of ministerial conduct".

Yesterday, he said:

> "If it has not been done, it will be done."—[*Official Report*, 14 January 2009; Vol. 486, c. 211.]

Will the Leader of the House tell us when that report will be published, and will she also confirm that the delay was caused by Lord Mandelson's "complicated" interests?

Finally, yesterday, the Business Minister, Baroness Vadera, said that she could see "a few green shoots" of recovery in the economy. That was on the very same day that Barclays announced that it was cutting 2,100 UK jobs, a further 800 jobs went at Jaguar Land Rover and the music chain, Zavvi, and Grattan announced that 3,500 jobs were at risk. What on earth was the Business Minister thinking, and do her comments not show that the Government and their Ministers are completely out of touch?

Ms Harman: The shadow Leader of the House asks for a further debate on Zimbabwe. Members on both sides of the House are well aware how dire the situation is, and that it is deteriorating. I shall continue to look for an opportunity to debate Zimbabwe on the Floor of the House.

The right hon. Lady asks about the process following the forthcoming decision about Heathrow and the third runway. As she knows, there will be a statement by the Secretary of State for Transport, but the process thereafter is contingent on what he announces, so I shall not seek to pre-empt him by saying what it will be after the decision. That is a matter for hon. Members to put to him when he has given his substantive decision.

The Minister for Employment Relations and Postal Affairs made a statement to the House on the future of the Royal Mail, bringing the House up to date and allowing it an opportunity to hold Ministers accountable. He reaffirmed our commitment to universal postal services, and the fact that we shall ensure that Royal Mail keeps its commitment to fulfil its pension liabilities. He reported, too, on the Hooper review and on our response to it. The proposals ensure that we keep our pension commitments, that we keep a universal postal service, that we have better regulation to allow Royal Mail to thrive in future, and that we go into a partnership with a minority stake held by a private partner. The proposals were put into the public domain in an oral statement to the House, and they are open to discussion. It is up to the Opposition if, the week after next, they would like to choose that as the topic of their Opposition debate.

The right hon. Lady mentioned educational outcomes for children in this country. We are very proud indeed that, after investment in education, far more and better-paid teachers in our schools, higher valuation of education, more capital investment, and rebuilding our schools, the number of children attaining five A to [illegible] GCSEs has gone up from 45 per cent. in 1997 to 64 per cent. We intend to continue that investment and to make further progress.

The right hon. Member for Maidenhead (Mrs. May) spoke of the statement on the four-point plan to help businesses with credit lines. The whole House will be aware that the development of our plans has been ongoing: there have been announcements, debates, oral statements and responses by the Prime Minister and other Ministers to parliamentary questions. I am well aware that we need to make sure that the House is kept fully up to speed and that hon. Members have an opportunity to ask questions. Indeed, when I stood in for the Prime Minister at oral questions in December I talked about the plans that we were developing for helping businesses with their credit lines.

We want to strike the right balance between coming to the House with our plans and making sure that they are announced. This House, of course, has primacy and I have drawn up a list of all the occasions since October when hon. Members have been able to take part in topical debates, general debates and Opposition day debates on these matters. There have also been statements—on the G20, for example—as well as the pre-Budget report and the emergency debate on the economy. In addition, the Chancellor has given evidence to the Treasury Committee and we had the Queen's Speech debate on the economy. I undertake to write to the right hon. Member for Maidenhead to remind her of just how much accountability to the House there has been in respect of the very important priority that we should all give to the economy and to providing help for business.

The right hon. Lady asked when the Register of Ministers' Interests will be brought forward. As the Prime Minister said yesterday, it will be brought forward as soon as it is complete.

The right hon. Lady asked about Baroness Vadera, who is a highly professional, dedicated and effective member of the ministerial team at the Department for Business, Enterprise and Regulatory Reform. I would say that five minutes of Baroness Vadera's time is worth a lifetime of the judgments of the Leader of the Opposition or the shadow Chancellor. In our ministerial team we have serious people for serious times, and I welcome the arrival in our team of Mervyn Davies.

Siobhain McDonagh (Mitcham and Morden) (Lab): In response to a question three months ago from my right hon. Friend the Member for Enfield, North (Joan Ryan), my right hon. and learned Friend the Leader of the House agreed that the situation in Sri Lanka was such that it required a debate on the Floor of the House. I should be grateful if she reconsidered that

[Siobhain McDonagh]

judgment, given that 70,000 people have lost their lives since the ceasefire failed. The situation in Sri Lanka is becoming much worse, with thousands of people displaced and their lives under threat.

Ms Harman: My hon. Friend raises a point that is of concern across the House. Indeed, it was raised at Prime Minister's questions yesterday, when it received a very forthcoming response from my right hon. Friend.

Mr. David Heath (Somerton and Frome) (LD) *rose—*

Hon. Members: Hear, hear!

Mr. Heath: It is all downhill from here.

The noble Baroness Vadera has one facet that the Leader of the House did not mention—she is unelected. We have got ourselves into a constitutional muddle on this issue, as I shall make clear. The junior Minister in the Department for Business, Enterprise and Regulatory Reform was dragged to this House yesterday to make a statement and then, rather lamely, the Secretary of State who made the decision was able to make a statement four hours later in another place. I gather that another banker is being added to the ministerial team, but he too will be in the other place.

That is the constitutional problem, so will the Leader of the House find time for a debate on how, in this economic crisis, we make sure that key ministerial posts are filled by people who are properly answerable to this House? They are dealing with important economic matters but at the moment they answer to a House that is not supposed, constitutionally, to consider public finances. We are the elected House, and this is where such debates should happen.

May we have an urgent statement on the response to the High Court decision on the rights of Gurkhas to settle in Britain? Many people, myself included, feel that those brave men have been treated shamefully by this country. We have been waiting for a Government response since September, and we need a debate on the matter. Can the Leader of the House also deny categorically the report in one newspaper that the Brigade of Gurkhas is to be disbanded?

I guess I have to declare an interest in Heathrow as I am now a landowner—of a very, very small portion of land in the path of the new Heathrow runway. The Prime Minister promised us a debate. The Leader of the House does not have to be so coy about whether there will be a debate. The Prime Minister promised a debate in the House, and every indication is that the majority of Members want the opportunity to vote against what we expect to be announced shortly on Heathrow. This, again, is a constitutional issue. If most of the House want to have the opportunity to debate the matter and have a substantive motion to vote on, we should have one.

Lastly, I do not know whether the right hon. and learned Lady regularly reads the *Almaty Herald* or *Kazakhstanskaya Pravda*, but if she does she may have picked up a headline along the lines of "Prime Minister tells Ministers to answer questions". Prime Minister Karim Masimov of Kazakhstan said:

> "I order all Ministers to start personal blogs where people will be able to ask you questions that you must answer."

I am not sure about the blogs, but would it not be an excellent precedent for this country as well if Ministers actually answered the questions that they are asked?

Ms Harman: The process in relation to ministerial roles in the Department for Business, Enterprise and Regulatory Reform is the normal process whereby there are Ministers in the Lords and Ministers in the Commons. The most important issue is to ensure that this House is kept fully abreast of all the developments and that there is an opportunity for Members of this House to question the responsible Minister.

The hon. Gentleman asks about the Gurkhas. As he knows, new guidance is being prepared. Once it is complete, former Gurkhas' applications for the right to live in this country will be considered case by case. As the hon. Gentleman knows, the Prime Minister has consistently, including at the end of last year, expressed his absolute commitment to the role of the Gurkhas in the British Army.

The hon. Gentleman asks about Heathrow. I shall not pre-empt the statement. The substance and the process of the Heathrow announcement need to be looked at together. No doubt the hon. Gentleman can ask my right hon. Friend the Secretary of State for Transport about that after he makes his statement to the House.

Lyn Brown (West Ham) (Lab): I welcome my right hon. and learned Friend's announcement that next week we will debate the important topics of freedom of information and publication of Members' allowances. Can she assure me that we will be given the chance to debate and to vote to make our allowances even more transparent?

Ms Harman: I thank my hon. Friend for her question. She will have heard me announce that on the Order Paper next Thursday there will be a statutory instrument on freedom of information, followed by motions. The draft statutory instrument is in the Table Office and the motions are on the Order Paper. What I, as Leader of the House, aim to achieve by next Thursday's business is to ensure that in respect of allowances paid to Members of Parliament, which is public money, the public can be certain that there is a clear and reasonable set of rules against which money is paid out, that there is a proper audit system to make sure that those rules are obeyed, that the amount is paid under clear headings for each individual Member of Parliament every year and is made public, that it is proportionate and affordable, and that all this is done at a reasonable cost.

That is what we are proposing in a statutory instrument and a series of motions next week. Hon. Members will see that whereas in the past we have published about 13 information headings, the combination of the statutory instrument and the motion that I will put before the House will mean that the public instead have 26 categories of information. The public will have more information than they have ever had before and we will take that back to 2005, so that for all Members, since they have been in the House, each year their allowances against 26 headings will be made public. We want to make sure that the public have confidence that there are clear rules and that they know what is going on.

Sir Michael Spicer (West Worcestershire) (Con): Will the Leader of the House say what the precise voting structure will be on Thursday?

Ms Harman: I will put a business motion before the House before the substantive debate. The business motion will prescribe that the first debate will be on the statutory instrument under the Freedom of Information Act, which will be Government business. In the same debate there will also be a motion that sets forth a publication scheme. That motion will say that we will publish once a year back to 2005 for every individual Member under those 26 headings. At the end of that first substantive debate there will be two votes—one on the Government business under the Freedom of Information Act, and the second one, which will be House business, on the publications scheme.

Dr. Roberta Blackman-Woods (City of Durham) (Lab): Does my right hon. and learned Friend agree that investment in green energy technology is essential if our economy is to be developed for the future? The north-east is ideally placed to take forward the application of that technology—critically, in continuing to develop a manufacturing base to support renewable energy. Will she make space for a debate soon on this important topic?

Ms Harman: My hon. Friend makes an important point across both the environmental and the economic agendas. We want to provide help to businesses to invest now and hope for the future of the economy. Renewable energy and green issues will be extremely important. I will bring that to the attention of my right hon. Friends and seek an opportunity to debate it.

Richard Ottaway (Croydon, South) (Con): When the Green Book was last debated in July, a rather bizarre and unnoticed resolution went through linking capital gains tax to the additional costs allowance. There was no word of debate about it, it was completely misunderstood by the House, and it is unworkable and almost certainly unenforceable. May I suggest that next Thursday a further resolution be tabled saying that the original resolution does not come into effect until there is further debate and consideration of the matter?

Ms Harman: The Speaker has published the new Green Book, which was prepared by the advisory panel on Members' allowances and which was considered and approved by the Members Estimate Committee. If he looks in that, the hon. Gentleman will see that a way of dealing with that is laid down. We need to make sure that while we are not changing the provisions of the Finance Act in relation to how the selling of homes is dealt with by way of capital gains tax, we have a flexible and sensible situation for the treatment of the second home under the ACA. I am happy to have a further discussion with the hon. Gentleman after business questions so that we can go through the Green Book and I can explain it to him. My deputy and I are more than happy to go through any aspects of the motions or of the Green Book individually with Members between now and next Thursday, so that everybody can be as clear as possible before they have the opportunity for a full day's debate on Thursday.

Mr. Parmjit Dhanda (Gloucester) (Lab): Will my right hon. and learned Friend consider allowing a debate on the Legal Services Commission's latest consultation paper? It states that organisations wishing to deliver immigration and asylum advice would need to have a permanent presence in an area of high demand. Most of the immigration casework that I do is with a law centre in Gloucester, which would be expected to have a base in Bristol to continue to be able to apply for funding. That would not work and would not be acceptable. We have a very good rapport with the centre and much of my casework is about immigration, so I hope the Department of Justice will consider that.

Ms Harman: As luck would have it, my right hon. Friend the Secretary of State for Justice is present and has heard my hon. Friend's point. My right hon. Friend has said that he will request a meeting with my hon. Friend to sort the matter out.

Annette Brooke (Mid-Dorset and North Poole) (LD): Given the unprecedented number of responses to the south-west regional spatial strategy, will the Leader of the House allocate parliamentary time so that a representative group of MPs from across the region can participate fully in debate on these issues?

Ms Harman: That is exactly why the House voted to set up regional Committees—so that there can be such accountability for and scrutiny of regional spatial strategies.

Mr. Andy Slaughter (Ealing, Acton and Shepherd's Bush) (Lab): My right hon. and learned Friend must realise that the issue of the third runway is of concern to Members on both sides of the House. Will she at least concede a debate in Government time, rather than there being an Opposition day debate and the opportunism that that involves? I see from the *Evening Standard* that the Government have a lot to say on the matter, even in advance of the statement. Will a Government debate be allowed, and will it end with a vote so that the House can express its view?

Ms Harman: I do not want to pre-empt the statement of my right hon. Friend the Secretary of State for Transport; until he has said what his decision is, hon. Members will not know whether they really want a debate.

Sir Patrick Cormack (South Staffordshire) (Con): As the noble Lord Mandelson is now widely acknowledged to be the deputy Prime Minister, would it not be a proper answer to the questions previously put to the Leader of the House if the Prime Minister deputised for the noble Lord in this House?

Ms Harman: The ministerial team at the Department for Business, Enterprise and Regulatory Reform is disposed between the Lords and the Commons, and accountable in both Houses.

Mrs. Madeleine Moon (Bridgend) (Lab): May we have a debate on consumer protection? If someone buys a faulty pair of shoes, they can take them back. If they buy a faulty large electrical item from a company such as Comet, they are required to make themselves available for four hours so that the company can remove the

[Mrs. Madeleine Moon]

faulty equipment that it has delivered. Is it not time that we looked at how we protect hard-working families who cannot take such time out and whose e-mails and letters are ignored? Should the onus not be on the company putting the issue right, rather than on the consumer being available at the company's behest?

Ms Harman: My hon. Friend makes an important point, which goes for utilities as well. If families are hard-pressed, working hard and looking after their children and elderly relatives, they do not want to be messed around by Comet, the gas board or anybody else. I shall raise the issue not only with Lord Mandelson, but with Ministers in this House.

Sir Nicholas Winterton (Macclesfield) (Con): I am grateful to the Leader of the House for giving a positive answer to my right hon. Friend the shadow Leader of the House about a debate on Zimbabwe. Despite the tragedy and horrific events in Gaza, it is important that we do not overlook Zimbabwe, where the death and suffering are as great or greater than in Gaza.

I turn to my main question to the right hon. and learned Lady. Will she find Government time for a full day's debate on the economy, so that Back Benchers can express to Ministers the impact in individual constituencies of what is clearly the worst credit and financial crisis of my lifetime? The Government would be the wiser if that debate took place.

Ms Harman: As well as the Queen's Speech debate on the economy on 15 December, we had in Government time the emergency debate on the economy on 26 November. If we think that there has not been enough business before the House giving an opportunity for Members to comment more broadly on the economy, we will bring forward specific time for such debate. It is important that the House should play its full part, with Members bringing information from their constituencies and holding the Government to account for our handling of the economy. That is very important indeed.

Zimbabwe is a preoccupation of all Members, not least the hon. Gentleman. I assure him that the Foreign Secretary and the Prime Minister himself are doing a great deal of work on Zimbabwe. The Prime Minister personally liaises with world leaders to try to mobilise the European, United Nations and African Union effort to better effect. I will look for an opportunity for an early debate on Zimbabwe.

Keith Vaz (Leicester, East) (Lab): Will my right hon. and learned Friend reflect on her answer to my hon. Friend the Member for Mitcham and Morden (Siobhain McDonagh)? The Prime Minister's answer on Sri Lanka yesterday was helpful, but at the moment 300,000 Tamils are under siege because of the actions of the Sri Lankan Government. The Leader of the House changed the business this week to deal with the situation in Gaza. The situation in Sri Lanka is just as bad. Will she please allow an emergency debate on the catastrophic situation there?

Ms Harman: My right hon. Friend raised that issue forcefully and to good effect with the Prime Minister yesterday, and we will take seriously the points that he has so rightly raised.

Transport Infrastructure

12.4 pm

The Secretary of State for Transport (Mr. Geoffrey Hoon): With permission, Mr. Speaker, I should like to make a statement about the Government's plans for Britain's transport infrastructure.

Effective transport links are vital to our economic competitiveness and our daily lives. Britain's prosperity is increasingly defined by the quality of its links to other great trading nations, by the way in which we move people and goods around the country, and by our ability to meet the needs of businesses for gateways to the global economy and to enable people to see their families and friends and go on holiday.

As the economic downturn demonstrates, we live in a global age. It is critical that the Government should make the tough choices necessary to deliver long-term prosperity for the United Kingdom—but in a way that meets our environmental objectives. In that context of sustainable economic growth, I want to set out a package of transport investments to prepare us for an ever more global and mobile world.

Over the past decade, we have delivered a £150 billion investment in transport—more than £13 billion this year alone—and we have announced that we will bring forward an extra £1 billion to stimulate the economy by accelerating our plans to cut congestion and increase rail capacity significantly. Over this current three-year period, we are spending around £40 billion, ensuring that investment in transport is at its highest for 30 years as a proportion of national income.

I should first like to update the House on our plans for the road and rail infrastructure and carbon dioxide emissions from transport, before turning to aviation and, in particular, Heathrow. I am placing in the Libraries of both Houses relevant papers setting out the proposals in more detail. At the conclusion of my statement, copies will be available in the Vote Office and on the Department's website.

Motorways are essential for enabling people and goods to move around the country. Successful trials on the M42 have enabled us safely to open up motorway hard shoulders in peak periods, delivering more reliable journey times and adding a third more capacity at peak times—and all delivered at a lower cost than a more conventional road-widening scheme. After further detailed work, I can announce today a programme of up to £6 billion which includes applying those techniques to some of the most congested parts of the M1, M25, M6 and M62, the M3 and M4 approaching London, and the motorways around Manchester, Birmingham and Bristol. This is the first step in our strategy to provide for managed motorways across the core of the motorway network, linking our major cities over the next 10 to 15 years and reducing congestion, with fewer environmental impacts than conventional motorway widening.

We are already investing £10 billion in the railways over the next five years, to add capacity while improving reliability and safety. However, given the time that it takes to plan and build new rail infrastructure, we need to look well beyond 2014. Electrification is advantageous on heavily used parts of the rail network. Electric trains are lighter, accelerate faster, are quieter and emit less carbon dioxide. We are well advanced in procuring replacement trains for the inter-city routes, but before we finalise our plans we need to decide whether new parts of the network should be electrified.

Initial work suggests that the case for electrification appears strongest on the most heavily used parts of the Great Western main line from Paddington and the midland main line north of Bedford. Alongside the work on our new inter-city trains, we will analyse the value for money, affordability and financing options of the electrification proposals that Network Rail will put to me shortly. I intend to make a further statement later this year.

Because of the need to plan for the long term, I can also announce that I am today forming a new company, High Speed 2, to consider the case for new high-speed rail services from London to Scotland. As a first stage, we have asked the company to develop a proposal for an entirely new line between London and the west midlands; that would enable faster journeys to other destinations in the north of England and Scotland, using both existing lines and a new high-speed rail network.

Our experience with Crossrail and the channel tunnel rail link has demonstrated that advance detailed planning is required to progress such major infrastructure schemes. The purpose of the new company will be to advise Ministers on the feasibility and credibility of a new line, with specific route options and financing proposals. Sir David Rowlands will chair the company in the interim. I see a strong case for this new line approaching London via a Heathrow international hub station on the Great Western line, to provide a direct four-way interchange between the airport, the new north-south line, existing Great Western rail services and Crossrail, into the heart of London. My intention is that by the end of this year the company will have advised us on the most promising route, or routes, with their individual costs and benefits.

In the 2003 air transport White Paper, the Government set out their support—in principle—for a third runway at Heathrow airport: that support was conditional on any development meeting strict local environmental conditions. Heathrow airport supports more than 100,000 British jobs. A third runway is forecast to create up to 8,000 new on-site jobs by 2030 and will provide further employment benefits to the surrounding area. Its construction alone would provide up to 60,000 jobs. But, more significantly for businesses across the United Kingdom, Heathrow is the only hub airport—it is our most important international gateway. It serves destinations that none of our other airports serve, and it provides more frequent services to key international destinations such as Mumbai and Beijing. It connects us to the growth markets of the future—essential for every great trading nation. In doing so, it benefits every region of the United Kingdom. But Heathrow is now operating at around 99 per cent. of its maximum capacity, leading to delays and constraints on future economic growth. Heathrow is already losing ground to international hub airports in other competitor countries. This makes the UK a progressively less attractive place for mobile international businesses. Delays damage the efficiency of the airport, but they also cause unnecessary carbon dioxide emissions as up to four stacks of aircraft circle London waiting to land.

The Government remain convinced, therefore, that additional capacity at Heathrow is critical to this country's long-term economic prosperity. We consulted in November

[Mr. Geoffrey Hoon]

2007 on three options for providing additional capacity, and on whether the environmental conditions could be met. We received nearly 70,000 replies. I have now considered the responses and reached my conclusions. Two of the options would use the existing runways for both arrivals and take-offs, otherwise known as mixed mode. This would improve resilience, reduce delays and has the potential also to provide early additional capacity. It is clear from the consultation, however, that residents under the flight paths greatly value the present alternation of runway operations at around 3 pm, which gives them respite from overhead aircraft noise for at least eight hours a day. Having carefully considered the evidence, including from the consultation, I have decided not to proceed with mixed mode. I have also decided to extend the benefits of runway alternation to those affected by aircraft taking off and landing when the wind is blowing from the east. I will therefore end the Cranford agreement, which generally prohibits easterly take-offs on the northern runway. This will benefit the residents of Windsor and others to the west of the airport, and Hatton and north Feltham to the east. I support the continuation of the other operating procedures as set out in the consultation.

This leaves the question of a third runway. Let me first explain my conclusions, in the light of the conditions on noise, air quality and surface access set out in the 2003 White Paper. In 1974, some 2 million people around Heathrow were affected by average levels of noise at or above 57 dB. By 2002, that number had reduced to 258,000 people as the result of significant improvements in aircraft technology. In the White Paper, the Government committed not to enlarge the area within which average noise exceeded 57 dB. In the light of all the evidence, including from the consultation, I have decided that this condition can be met, even with a third runway. Indeed, because newer aircraft are quieter, the numbers of people within the 57 dB contour by 2020 is expected to fall by a further 15,000 from 2002, even with more aircraft movements in 2020. And the number of people affected by higher levels of noise is expected to fall even more significantly: for example, a 68 per cent. reduction—more than 20,000 fewer people—in the number of those affected by noise averaging 66 dB and above.

On air quality, the Government are committed to meeting our EU obligations. The relevant pollutant at Heathrow is nitrogen dioxide, for which the EU has set a 2010 target of an annual average of no more than 40 micrograms per cubic metre. As with most other major European economies, the UK does not yet fully comply with this limit, largely as a result of emissions from motor vehicles. The area around Heathrow is by no means the worst example in the country, and the limit is currently exceeded in a number of places in the UK, in most cases by more than is the case near Heathrow. Meeting EU air quality targets is an issue that must be addressed right across the United Kingdom, not simply around Heathrow airport. The European Commission has agreed that member states could be allowed an extension to 2015 if member states can show that they have plans in place to meet the targets. This presents a significant challenge, but I am committed to supporting the actions, mainly in relation to motor vehicle emissions, necessary to achieve it. Immediately around Heathrow, action will be necessary to ensure that we meet the air quality limits by 2015. Our forecasts predict that, in any event, we will be meeting the limits by 2020 even with airport expansion.

Usually these decisions would be taken on the basis of forward projections and modelling. To reinforce our commitments on noise and air quality, I have decided, however, that additional flights could be allowed only when the independent Civil Aviation Authority is satisfied, first, that the noise and air quality conditions have already been met—the air quality limit is already statutory, and we will also give the noise limits legal force—and secondly, that any additional capacity will not compromise the legal air quality and noise limits. We will give the CAA a new statutory environmental duty to ensure that it acts in the interests of the environment in addition to its existing obligations and duties, and that it follows guidance from myself and my right hon. Friends the Secretaries of State for the Environment, Food and Rural Affairs and for Energy and Climate Change. Moreover, in the event that air quality or noise limits were breached, the independent regulators would have a legal duty and the necessary powers to take the action needed—or require others to take it—to come back into compliance. In the case of noise, the matter would be for the CAA. In the case of air quality, where emissions from roads and rail around Heathrow also need to be considered, the Environment Agency will act as the enforcement body, with appropriate guidance from Ministers.

The third local condition for expansion for Heathrow was the provision of adequate public transport. Major improvements in rail access have already been announced, including increases in capacity on the Piccadilly line and the introduction of Crossrail services from 2017. This will provide a maximum capacity of 6,000 passengers per hour, which will be able to accommodate the estimated demand for rail access to a three-runway airport. The Government also welcome the lead being taken by BAA to promote the Airtrack project providing direct rail access to the airport at terminal 5 from the south and west. The Department will work with BAA and Network Rail to consider this and other schemes to improve connections from Heathrow to places such as Waterloo and Guildford, Reading and other stations on the Great Western main line.

Having considered all the evidence, I have decided that all three of the Government's conditions for supporting a third runway at Heathrow can be met. I can therefore confirm that an additional terminal and the slightly longer runway proposed in the consultation are the best way to maximise the efficiency of a larger airport. However, I want there to be a limit on the initial use of the third runway so that the increase in aircraft movements does not exceed 125,000 a year rather than—at this stage—allowing the full additional 222,000 aircraft movements on which we consulted. I have also decided that any additional capacity available on the third runway will, after consultation, be subject to a new "green slot" principle to incentivise the use at Heathrow of the most modern aircraft, with further benefits for air quality and noise—and, indeed, carbon dioxide emissions.

It is of course crucial for transport, including aviation, to play its full part in meeting our goal to limit carbon dioxide emissions. As a result of UK leadership on aviation emissions in particular, carbon dioxide emissions from international aviation were included in the EU's

20 per cent. greenhouse gas reduction target for 2020, agreed by the Prime Minister with other European leaders in December last year. Under the EU emissions trading scheme, this reduction will occur whether or not Heathrow is expanded. With a fixed cap for aviation across Europe, doing nothing at Heathrow would allow extra capacity at other hub airports such as Frankfurt, Schiphol and Charles de Gaulle. Doing nothing will damage our economy and have no impact on climate change. The framework for reducing emissions across the EU covers international aviation and all sectors of each member state's domestic economy. This includes emissions from domestic transport within the UK. The Government have already made it clear that they will respond to the advice of the Committee on Climate Change on carbon budgets, taking into account aviation, and we will set our carbon budgets later this year. Those budgets will reflect the measures in the EU 2020 package, such as tough new limits on emissions from new cars.

To reinforce the delivery of carbon dioxide savings, and to lay the ground for greater savings beyond 2020, I am announcing today funding of £250 million to promote the take-up, and commercialisation within the UK, of ultra low-emission road vehicles. With road transport emissions so much greater than those of aviation, even a relatively modest take-up of electric vehicles beyond 2020 could, on its own, match all the additional carbon dioxide generated by the expansion of Heathrow.

However, action in relation to domestic transport is not sufficient. We need to take the same tough approach to aviation emissions as we are taking to other transport emissions. Having taken the lead in promoting the inclusion of aviation in the EU emissions trading scheme, the Government will be pressing hard for international aviation to be part of the global deal on climate change at Copenhagen later this year. I have asked the Committee on Climate Change to report back later this year on the best way in which such a deal for aviation could be structured.

I can announce my intention to promote an international agreement to secure the same kind of progressively stricter limits on carbon dioxide emissions from aircraft as are already in place for cars within the EU. The Under-Secretary of State for Transport, my hon. Friend the Member for Poplar and Canning Town (Jim Fitzpatrick), has been in Tokyo this week setting that out to a meeting of G7 Transport Ministers. However, I want to go further. Work published by the aviation industry illustrates how it could reduce UK emissions below 2005 levels by 2050. That could include the use of new technologies such as blended wings and the sustainable introduction of renewable fuels. I can announce that we will establish a new target to get aviation emissions in 2050 below 2005 levels, and I have asked the Committee on Climate Change to advise on the best basis for its development.

The Government will monitor carefully the emissions from aviation, with the help of the Committee on Climate Change. Any future capacity increases at Heathrow beyond the decision that I have announced today will be approved by the Government only after a review by the Committee on Climate Change in 2020 of whether we are on track to achieve the 2050 target that I have announced.

We are effectively taking three steps to limit any increase in carbon dioxide emissions. First, we are limiting the initial extra capacity to around half of what was originally proposed. Secondly, we intend that new slots at Heathrow will have to be green slots. Only the cleanest planes will be allowed to use the new slots that will be made available. Thirdly, we will establish a new target to limit aviation emissions in the UK to below 2005 levels by 2050. Taken together, that gives us the toughest climate change regime for aviation of any country in the world, which gives Ministers the confidence that we will achieve our 80 per cent. emissions reduction target. In addition, we will make it one of our highest priorities to secure international agreement on measures to reduce aviation emissions.

The airport clearly needs new capacity as soon as possible to reduce delays and improve resilience. Since I am not willing to allow the two existing runways to operate on mixed mode, I anticipate that the airport operator will bring forward a planning application for a new runway to be operational early in the period envisaged in the White Paper, between 2015 and 2020.

The parallel review of the economic regulation of airports is focusing on how best to improve the passenger experience and encourage investment. In the regulatory framework that results from that work, I expect the first call on new capacity to be ensuring that journeys are more reliable for existing passengers. We will therefore have a better airport.

These announcements on transport infrastructure, on motorways, on railways, on Heathrow, and on carbon reductions from transport show the Government taking the right decisions for the long term. We are delivering real help with job creation today, creating real hope for Britain's long-term growth prospects, and giving real help in securing carbon reductions, real help for rail passengers and real help in increasing the long-term competitiveness of the UK economy by creating excellent transport links to the global economy, ensuring that this country remains an attractive place in which to do business. I commend this statement to the House.

Mrs. Theresa Villiers (Chipping Barnet) (Con): I thank the Secretary of State for advance sight of his statement, but frankly, if this is the result of the great row in the Cabinet, his colleagues did not get a very good deal out of it. Let us be in no doubt: this is a bleak day for our environment and for all of us who care about safeguarding it. Labour's plans for a third runway at Heathrow would inflict devastating damage on the environment and on quality of life, and the Conservatives will fight them every step of the way.

I begin with the Secretary of State's commitment to restrict the initial use of the runway, and that at this stage he would give the go-ahead for only 125,000 more flights, rather than 222,000. When does he propose to lift that cap? How long is that tenuous guarantee going to last?

The Secretary of State has admitted again today that Heathrow is already in breach of the EU air quality directive, which will become binding in a year's time. Will he explain how an airport with a massive increase in flights and car journeys to support another 55 million passengers can possibly comply with the directive? Why does he continue to be deaf to the Environment Agency's warning that pollution from a third runway will increase the risk of serious illness and early death around the airport?

[Mrs. Theresa Villiers]

Is the Secretary of State concerned that in the debate in the House last year, Members from as far apart as Reading and Greenwich expressed concern about the impact on their constituents of aircraft noise from Heathrow at its present size? Is it not recklessly irresponsible to compound an already serious problem with a new flight path over a densely populated area?

I welcome the Secretary of State's apparent retreat on mixed mode. He says that he will not proceed with it, but again, how long will that guarantee last? How long will residents have that protection?

The Secretary of State claims that only low-emission planes will be allowed to use the new slots generated by a third runway. Which planes will qualify for the green slots that he talked about? Will he admit that there are no planes on the market that are clean or quiet enough to meet the environmental promises that he has already made, never mind the vague pledges on green slots that we have heard today? Will he admit that his Department's expectation of future compliance with the environmental preconditions depends heavily on fantasy green planes that no manufacturer has plans to produce?

The Secretary of State's apparent conversion to high-speed rail gives us little more than warm words and the possibility of a link to Birmingham. Why does he still refuse to accept that high-speed rail could provide an alternative to a third runway by providing an alternative to thousands of short-haul flights? Why will he not admit that the economic arguments for a third runway have been conclusively rebutted, and that there is no convincing evidence that Heathrow will go into a spiral of decline without major expansion?

Frankly, no one believes what the Secretary of State has to say about a limit of 125,000 flights. How does he propose to reconcile a massive increase in flights every year, the equivalent of bolting on to Heathrow a new airport the size of Gatwick, with Labour's legally binding commitment to cut carbon emissions by 80 per cent.? Does he really want his political legacy to be the bulldozers rolling out to construct a runway to blight the lives of millions, when instead he could have gone down in history as the man who finally put the brakes on the relentless outward expansion of Heathrow, and demonstrated that the political class has at last woken up to the compelling urgency of climate change?

The Secretary of State has given us assurances on flight caps, on green slots and on a 2050 date for restricting aviation emissions, but the Government's credibility is wholly undermined by their record. They have made every effort to dodge their environmental promises by reverse-engineering the data to get the answers that they wanted. They are seeking a derogation from the EU air quality rules, which are a fundamental pillar of Labour's environmental safeguards. They are the Government who were pushing to lift the terminal 5 flight cap less than a year after the right hon. Member for North Tyneside (Mr. Byers) stood at the Dispatch Box and pledged to impose it. They are in disarray over Heathrow, their consultation has been a sham and their aviation White Paper is no longer fit for purpose.

The world has moved on when it comes to Heathrow, but Labour just has not moved with it. The Government are on the wrong side of the argument and their environmental credibility is in tatters. It is time for Labour to scrap its plans for a third runway. If it will not do that, it is time for it to call a general election so that the country can elect a Conservative Government who will prevent this environmental disaster from going ahead.

Mr. Hoon: In weighing the evidence when making difficult decisions, such as those that I outlined to the House today, any Government or potential Government have to consider it carefully and reach often difficult conclusions. I am sorry that the hon. Lady demonstrated in her remarks today that she had clearly reached her conclusions long before any examination of the evidence. She also showed—I encourage her researchers to provide her with some assistance on the matter—that she simply does not understand the terms of the EU air quality directive or the enormous improvements in technology for producing modern aircraft. I am disappointed, albeit not particularly surprised, by her response. Her comments are entirely representative of the do-nothing attitude of the modern Conservative party.

In contrast to the action and decisions that we are taking, the Conservative party would do nothing to give businesses and families real help now and in future. It would do nothing to provide a genuine financial stimulus to the economy; it has opposed the £3 billion capital investment that we introduced for infrastructure projects, including £1 billion extra for transport. It would do nothing to tackle the capacity problems at Heathrow, which will increasingly damage the economy and British jobs.

Doing nothing is the worst of all possible worlds. By encouraging our European competitors to expand at our expense, doing nothing would damage the country economically and save not a single gram of carbon. That is why British business has roundly condemned the Conservative party's position.

It may surprise the House to learn that there is a Conservative position on aviation, which, unlike that of Conservative Front Benchers, has the benefit of being intellectually coherent—*[Interruption.]*

Mr. Deputy Speaker (Sir Alan Haselhurst): Order. We are considering an extremely important matter. The House would serve its interests and those of hon. Members by hearing the questions and the answers in comparative silence.

Mr. Hoon: I do not agree with the comments of the Mayor of London about developing an estuary airport, but it is significant that his approach recognises the requirement for extra capacity for Heathrow. Although I disagree with his conclusion, at least he recognises the problem that the country and its businesses face. He said:

> "The reality is that this recession will end, and when it ends we need to be able to compete in the long term with other capitals whose main airports have four, five or even six runways."

I do not often cite the Mayor of London with approval, but he acknowledges the problem. He has not avoided the issue for a short-term party political advantage—an advantage that Conservative Front Benchers believe that they might gain through putting their political interests ahead of this country's interests.

The hon. Lady also persists in her absurd argument that we should somehow choose between expanding aviation and rail capacity. Her policy was nonsense when she originally announced it, and it remains nonsense. Richard Lambert, director general of the CBI, said:

> "A high-speed rail link would have a lot going for it, but don't think for a minute that it will solve the capacity problems at Heathrow."

That is exactly the problem that Conservative Front Benchers have consistently failed to address. I have always been a strong supporter of our railways and I firmly believe that we should accelerate work on new high-speed links. We have put in place the mechanisms for determining that in a practical way, both financially and in terms of the required structures, unlike the policy that was cobbled together on the back of some envelope in the hon. Lady's office.

Let me be clear: a new line would be complementary to expansion at Heathrow, not an alternative. That is why I have asked for the development of plans for a Heathrow interchange station. It is all very well for the hon. Lady to complain that she supports those plans, but she neglected to explain how she would pay for the new transport projects that she announced. The Leader of the Opposition has proposed cuts of some £840 million in the next year alone. It is simply not credible for Conservative Front Benchers to talk about extra investment in new transport infrastructure without saying where the cuts that they propose will happen. They cannot guarantee a single transport project, not even Crossrail, while they consider such massive cuts in the transport budget. We have not heard a single word from Conservative Front Benchers about which projects they will cut. They cannot be taken seriously on transport when they are talking about such cuts in the budget that is already available.

The country clearly faces a choice about Heathrow and transport investment. It can make a choice for the future—for jobs, British business and our international competitiveness. Hon. Members can decide which side they are on. I know which side I am on, and which side the Government are on.

Norman Baker (Lewes) (LD): Perhaps the Secretary of State could place his written answers to questions in the Library. I declare an interest as the beneficial owner of a very small, recently acquired piece of land at Sipson.

The decision to proceed with the third runway is the worst environmental decision that the Government have made in 11 years. It drives a jumbo jet through their Climate Change Act 2008, on which the ink is barely dry. With a commitment to a reduction of 80 per cent. in carbon emissions, how can the Secretary of State and his colleagues possibly justify the construction of a new runway? It is also one of the worst political decisions in 11 years, on a par with that on the millennium dome. There is huge opposition to it in the Labour party, and it has united the opposition in the House and in the country and destroyed the Government's green credentials. I make it plain that the Liberal Democrat manifesto will include a commitment to reverse the decision. That is not insignificant given the likely arithmetic in the next House of Commons.

Will there be a vote in the House in Government time on the matter? Will we be allowed to make a democratic decision? If the Government were defeated—I believe that they would be—would the Secretary of State accept the democratic will of the House and abandon his plans?

Yesterday, the Prime Minister promised a planning inquiry into the third runway proposal. Will that be a proper inquiry in traditional planning terms, or will it be held by his new puppet body, the Infrastructure Planning Commission? If the latter is the case, when will the Secretary of State bring the relevant national policy statements before the House?

The promises about Heathrow are not worth the paper they are written on. Time and again, this Government and previous Governments have broken them. For example, when terminal 5 was approved, the Prime Minister and the Cabinet agreed that a third runway would be "totally unacceptable". Are not Government promises about Heathrow akin to a pledge from a fox not to harm chickens?

The Secretary of State said that additional flights would occur only if air quality limits were already fulfilled. The following page of his statement gives an indication of the number of flights that will take place. Does he seriously want us to believe that, if a runway is built, it will not be used? Does he expect us to believe that more weight will be given to a target that he sets than to a concrete runway? If the runway is built, it will be used, irrespective of any promises he makes today about air pollution. The effect of the green slot principle will simply be to concentrate dirtier planes on runways 1 and 2. It will make no difference to the type of plane used generally at Heathrow.

Has the Secretary of State received confirmation from the CAA that the extra flights can be safely accommodated?

The Secretary of State's comments on rail have been cobbled together at the last minute in a desperate attempt to sugar the poison pill of a third runway. No commitments high-speed rail have been made today. He said that he would establish a company to "consider the case". The case has been made: Network Rail has already done a great deal of work on it. We are simply kicking high-speed rail into the long grass again in an attempt to find something that will make the third runway at Heathrow sound palatable today.

It is a terrible day for the environment and for the Secretary of State and his colleagues in government. However, the opposition in the House and in the country is such that the third runway will not be built.

Mr. Hoon: I am sorry that the House had to listen to that tirade of observations, which did not deal with any of the issues, but I suppose we get used to that from the Liberal Democrats. The party is not back to the future but back to the past.

It is a great shame that the hon. Gentleman could not address the issues that we must tackle. Sadly, like Conservative Front Benchers, he concluded that his party is prepared to put the British economy's long-term competitiveness second to that of European countries with hub airports. That is the reality of both parties' policies. They say that, through the European trading scheme, they will allow other airports, which compete directly with Heathrow, to expand at the expense of this country. That is already happening. I can demonstrate that to him and send him the statistics, if he needs them and is interested in the facts. Continental hub airports already provide the capacity that is not available at Heathrow. If he wants to ensure that British jobs are

[Mr. Hoon]

transported to the continent, his policy is the perfect vehicle for doing so. If he pretends that in doing so he will somehow save carbon, he needs to understand more about the agreement on the ETS, which his party supports. He supports the approach that we have set out and agreed on the European trading of carbon. That policy will allow continental hub airports to expand at Heathrow, so he really needs to think through what he is arguing for if he has any interest whatever in jobs, the economy and employment in this country, which I doubt he does.

Let me deal with the two or three other points that the hon. Gentleman made. Clearly no developments will take place without safety. On green slots, I have indicated that we will set out a legal regime for determining the expansion of capacity at Heathrow, so there is no doubt that it will be governed by the law. We will bring forward legislation where necessary that will govern the extra capacity, so there can be no doubt of our absolute commitment to ensure expansion consistent with our environmental objectives, as set out in the White Paper and as brought up to date today, in the light of our determination to save carbon and put this country at the forefront of carbon saving around the world.

As for the hon. Gentleman's point about a vote in the House, he well knows the position in the United Kingdom and in Parliament. If he is saying that every major transport decision, infrastructure decision and planning decision will henceforth be subject to a vote in the House of Commons, he had better make clear his party's policy.

Several hon. Members *rose—*

Mr. Deputy Speaker: Order. The House will probably know that I could fill an hour on this subject myself, but I am afraid that we do not have that luxury of time available. I am all too aware that a considerable number of hon. Members have knowledge of this subject. We have an important statement on Equitable Life, for which I know many hon. Members are waiting, and also the important debate on Gaza. I therefore appeal to hon. Members please to understand if I am very strict about the brevity and singularity of supplementary questions from hereon in. I would equally appeal to the Secretary of State in giving his answers not to go anywhere outside his brief.

Mrs. Louise Ellman (Liverpool, Riverside) (Lab/Co-op): It is vital that there should be proper recognition of the significance of Heathrow as an international hub. It is critical for jobs and for this country. However, what is the process for assessing whether the environmental concerns set out can be met? Although I very much welcome the Secretary of State's statement about high-speed rail, it appears that the plans for high-speed rail—if indeed it happens—will stop in the west midlands. Could he clarify what that means?

Mr. Hoon: I am grateful to my hon. Friend. I outlined the process earlier. It is clearly necessary, in light of the 2003 White Paper, that we should address the conditions set out on environmental grounds. That is what I sought to do in my statement. As for the position beyond 2020, we have made it clear that we will seek guidance from the Committee on Climate Change, which will construct the methodology by which we satisfy that 2050 obligation, and that we will ensure that any extra capacity is subject to the tests that I have outlined.

As for high-speed rail, I made it clear that it is obvious from any assessment of our requirements that our rail network is working extremely hard and that, as of today, we need to contemplate long-term decisions for the future. Therefore, not only will I invite the company to look at the clear case for a new line to the west midlands, but equally, as I made clear in my statement, it will look beyond the west midlands at the possibility of a high-speed line right to Scotland.

Mrs. Theresa May (Maidenhead) (Con): As a result of today's announcements, my constituents face the prospect of a reduction in their quality of life with more planes flying overhead, restriction in driving their cars locally and a far worse train service in Crossrail. I hope that the Secretary of State recognises that as a result of today's announcement, nobody will take this Government seriously on the environment again. On a very specific point, when terminal 5 was announced, the then Secretary of State promised us a cap on the number of flights a year of 480,000. The Government have now broken their word, and this Secretary of State is playing the same game. In today's statement he says, "I want there to be a limit on the initial use of the third runway so that the increase in aircraft movements does not exceed 125,000 a year." That is an aspiration, not a commitment. Will he now say that it is a commitment, how it will be put in place and why my constituents should believe him today any more than they believed the previous Transport Secretary who put a cap on flights?

Mr. Hoon: I am sorry that the right hon. Lady approaches significant investment in road, rail and aviation as somehow matters for criticism. The truth is that we are putting enormous sums of public money into improving our road and rail network and ensuring that this country has the appropriate international gateways to allow people—including, I am sure, people in her constituency, given the profile of the kinds of people who use Heathrow regularly—to do business. They are the better-off and those engaged in business. It is precisely the people who live in places such as Maidenhead who will benefit most from the investment that we are making in transport.

I set out very clearly the position on the increase beyond 125,000. Obviously it is vital, given the importance to our economy and every economy of constraining carbon emissions, that we put in place a new regime for determining how those extra slots will be allocated over and above the 125,000. They will take into account our progress towards the 2050 target of matching our carbon emissions to 2005 levels. The process is very clear.

John McDonnell (Hayes and Harlington) (Lab): The decision today, for my constituents, is an absolute disgrace. The commitments that have been given on the conditions to be attached are spin. They are as worthless as the commitment that there would be no third runway. The decision is a betrayal of future generations, in terms of the environment, and a betrayal of my constituents, who will lose their homes, their schools, their cemeteries, their churches and their gurdwara. It is a betrayal of this House, and of democracy, not to have a vote in the House. We are not asking for a vote on every infrastructure project; we are asking for the most significant project in a generation to be brought to this House for a vote. Will there be a vote, and why not?

Mr. Hoon: I have made clear the position of the House in relation to such matters. It is a long-standing position that the House does not vote on quasi-judicial or planning matters. Nevertheless, I entirely understand that my hon. Friend puts his case with his customary passion on behalf of his constituents, but this is an issue for the country. Heathrow is a national airport serving the whole of the country. Necessarily, when judgments have to be made about the interests of the country, those decisions have to be made, however difficult they are—*[Interruption.]*

Mr. Deputy Speaker: Order. *[Interruption.]* The hon. Member for Hayes and Harlington (John McDonnell) must—*[Interruption.]*

JOHN MCDONNELL, Member for Hayes and Harlington, having conducted himself in a grossly disorderly manner, was named by the Deputy Speaker.

Motion made, and Question put forthwith (Standing Order No. 44), That John McDonnell be suspended from the service of the House.—*(Ian Lucas.)*

A Division was called, but no Members being appointed Tellers for the Noes, the Deputy Speaker declared that the Ayes had it.

Question accordingly agreed to.

Ordered, That John McDonnell be suspended from the service of the House.

Kate Hoey (Vauxhall) (Lab): On a point of order, Mr. Deputy Speaker. Will you clarify something? You say that my hon. Friend the Member for Hayes and Harlington (John McDonnell) is suspended, and many of us support not necessarily what he has done, but why he has done it—the fact that we are not going to have a vote in this House. Can you explain how long he will be suspended for?

Mr. Deputy Speaker: The answer to the hon. Lady is five days. I counsel the House that I understand that the strength of feeling on this matter is very great, but many hon. Members are not only wishing to question the Secretary of State on the matter, but waiting for the other important business. I am sure that there will be other occasions when Members' voices will be heard on a matter of this importance. We should proceed. The hon. Member for Hayes and Harlington must now withdraw from the service of the House—*[Interruption.]* Without further comment.

Accordingly JOHN MCDONNELL, Member for Hayes and Harlington, withdrew from the House.

Mr. John Randall (Uxbridge) (Con): One condition that the Government have not considered at all is what they are going to do with those many thousands of people who will be evicted from their homes. There will be those who have to move because their quality of life will be shattered; they will not be able to sleep any more. Have the Government, or the Secretary of State's Department, considered where those people will be housed in an already overcrowded area?

Mr. Hoon: The difficulty that I have with the hon. Gentleman's question is that, as I set out in my statement, and as he knows well, having considered the issue over a long period, the numbers affected by the 57-decibel limit, which has been the standard limit for many years, have fallen dramatically from 2 million in the mid-1970s to a quarter of a million and falling today. The impact of noise has dramatically changed over that period. The hon. Member for Chipping Barnet (Mrs. Villiers) talked about devastation. The last time I looked at property prices in places such as Maidenhead and west London, there was no shortage of people willing to move to those areas, and apparently no impact on property prices. *[Interruption.]* Property prices are far higher there than they are in my constituency simply because people want to live in those places. *[Interruption.]* They want to live in those places knowing full well that they will be living in the proximity of Heathrow airport, so there is something seriously inconsistent about what Opposition Members are saying. *[Interruption.]*

Mr. Deputy Speaker: Order. I say to the House that we will make more progress if every hon. Member gives a hearing to whoever I have called to address the House. Otherwise, we shall slow down and prejudice other matters as we go along. I hope for real brevity; the comments so far have been far too wordy. I promise the House that I understand the passion on this subject, but I am sure that we will come back to it on many occasions.

Fiona Mactaggart (Slough) (Lab): Will the Secretary of State guarantee the electrification of the Great Western line, and will he ensure that the interests of a community such as Slough, which could be damaged by the siting of this proposed new railway station, will be listened to in the proposed decisions about the surface infrastructure?

Mr. Hoon: I made it clear that there is a strong case for electrifying the Great Western line, along with another of our great railway lines. I believe that that should be part of a comprehensive programme, and I made it clear that we would make a further statement later once greater details have been addressed. I did not wish to mislead my hon. Friend in any way with regard to what I said about the hub. Our proposals on the hub are for a site much closer to west London, on land already owned by Network Rail, at the junction of the existing Great Western line and the proposed Crossrail line. A Heathrow hub would not necessarily have to be placed close to Heathrow.

Justine Greening (Putney) (Con): The Secretary of State met BAA and the unions, but can he tell the House when he has ever met directly any of the communities that will be affected? Will he come to Putney to meet my constituents to explain to them why their quality of life and environment should be destroyed by more planes, more noise and more pollution? If he will not come, will he explain why? I can assure him that he would get a very big audience.

Mr. Hoon: The hon. Lady makes a fair point. Once I assumed this position, the consultation having been completed, I regretted that on legal advice I was unable to meet communities. I visited the area, and went carefully around the perimeter of Heathrow, visiting the various places affected—*[Interruption.]* The hon. Lady should

[Mr. Hoon]

listen, instead of getting exasperated. Now that the consultation has concluded and I have made the decision, I am in a position to meet those communities, and I would be delighted to do so.

Alan Keen (Feltham and Heston) (Lab/Co-op): I have campaigned across party political lines, under the chairmanship of the hon. Member for Hayes and Harlington (John McDonnell). We all understand his passion. I say to the Secretary of State that it was with massive relief I heard him announce that he would not press ahead with mixed mode. That will affect not only my constituency, but Brentford and Isleworth, Richmond Park, Twickenham, Putney—

Stephen Pound (Ealing, North) (Lab): Ealing, North.

Alan Keen: I will add Ealing, North if my hon. Friend likes, but I am not so sure about that.

The decision will also affect Battersea and places further east. I am most grateful to the Secretary of State and the Prime Minister, who listened carefully to our arguments. Even though the Cranford agreement is going, which I am sad about, that will at least benefit the constituents in Maidenhead, Windsor and places like that. We have to give and take on such issues.

Mr. Hoon: I am grateful to my hon. Friend; he has campaigned vigorously on behalf of constituents, and has done so successfully, if I may say so. I looked carefully at the results of the consultation, and it is clear, as I mentioned in my statement, that people value the alternation of the existing two runways. The ending of the Cranford agreement will allow a more even distribution of noise. It will reduce the noise impact on large numbers of people. I am extremely grateful for his efforts, and for drawing those matters to my attention.

Susan Kramer (Richmond Park) (LD): The constituents of Richmond Park will be standing shoulder to shoulder with the constituents of Hayes and Harlington and the people of Sipson in this continuing campaign to oppose the third runway, and I believe that we will succeed. The Secretary of State did not say what would happen to the 700 families in Sipson that will lose their homes and, as yet, have nowhere to go. The history of Heathrow has been one of continual broken promises: they are abandoned as soon as they become inconvenient. My constituents will be relieved to hear the words he has said on mixed mode, but how can they have confidence in what he has said, rather than consider it as a temporary measure to abate opposition while progress on the third runway goes ahead?

Mr. Hoon: I have to make similar remarks to the hon. Lady as those I made to the hon. Member for Lewes (Norman Baker). The history of Heathrow is inevitably a history of expansion. It is a history that reflects the demands of the people of the United Kingdom and, no doubt, the demands of the hon. Lady's constituents, to travel on business, for pleasure and to visit family and friends around the world. The expansion of our airports is a direct result of the expansion of that demand. If the population of the United Kingdom did not wish to travel, airlines would not be providing services and, in turn, airports would not need to develop. I assume that she believes that only those who are sufficiently wealthy to afford ever higher air fares should be the ones who can take advantage of travel. That is not the position of the Government. We believe that we must respond to people's increased demand for travel in all ways, which is why it is important to put the statement about transport infrastructure in the context of what we have to do to satisfy that demand for travel in the 21st century. Sadly, her party's policy is mired somewhere in the 19th century.

Ruth Kelly (Bolton, West) (Lab): I congratulate my right hon. Friend on what is truly a courageous and far-sighted decision to give the go-ahead to a third runway at Heathrow, and to consider seriously the case for new high-speed rail. I welcome, too, the commitment in his statement to look at the economic regulation of airports. Is it not now the time to consider tough new service standards for passengers? For example, any new runway that is built could not ever run at 99 per cent. capacity, as the current runways do, so passengers will benefit not just from a bigger Heathrow, but from a better Heathrow.

Mr. Hoon: First, I thank my right hon. Friend for all her work as Secretary of State for Transport, which allowed this decision to take place. I must say that there have been times when I wish that she had taken the decision, but she nevertheless contributed greatly to the ability to have the decision taken. As she emphasises, the need for the decision results from the existing capacity at Heathrow. When the House debated the matter before Christmas, several Conservative Members referred to the importance of improving the airport, which no one can argue against. However, one of the practical problems faced by users of the airport, and their biggest complaint, is delay. Those delays are the direct result of operating an airport at 99 per cent. capacity. The slightest difficulty in the organisation of the airport leads to long delays, not only of hours but sometimes of days. The Conservative party needs to think about that.

Mr. Ian Taylor (Esher and Walton) (Con): Heathrow is a fixture and is important for the south-east economy as well as that of the rest of the country. Therefore, it needs to be efficient, and on that basis I welcome the Secretary of State's decision. The issue is an emotional one, but my constituents will benefit, particularly if stacking—one of the consequences of lack of capacity at Heathrow—is reduced. Secondly, I welcome his efforts to constrain the environmental effects, because that will pull through new technologies—modern aircraft such as the A380 have a much smaller noise footprint over a given area. But will he comment on the alternatives offered by rail? The problem is that rail transport per kilometre and per passenger gives off more CO_2 than an equivalent use of aircraft. If energy is consumed on the basis of what we produce currently from gas and coal, the CO_2 emitted is far greater. At least the French have nuclear energy, which reduces the impact of their rail travel.

Mr. Hoon: I had the privilege of shadowing the hon. Gentleman when he was a Minister with responsibility for technology, and saw his rigorous approach to scientific and technological matters. I am delighted that he continues to take that approach in the same independent manner.

We should improve not only the operation of the airport but people's access, which is one of the conditions that we set out in 2003. I have set out a number of proposals that will undoubtedly improve access. In answer to his question, however, it is often overlooked that running diesel engines at high speed is carbon-inefficient, whereas running electrified engines at high speed, particularly on the basis of the changes proposed to ensure that more renewable electricity energy is generated, will make a real difference to the carbon impact of our transport network.

Martin Salter (Reading, West) (Lab): Although there is not nearly enough in the Transport Secretary's statement to drag me into the Lobby to vote in favour of a third Heathrow runway, it would be churlish not to acknowledge that the dropping of mixed mode lifts the immediate threat of intensifying aircraft noise across communities as far afield as Reading, Watford and High Wycombe. The longer term prospects, however, are grim. Surface access to Heathrow from the west is a joke, as his Department acknowledges. We need direct rail access to London Heathrow airport. Is he giving the go-ahead today for a third runway at Heathrow, or two and a half runways, as suggested by the Secretary of State for Energy and Climate Change?

Mr. Hoon: I think I am grateful for my hon. Friend's observations. Certainly, it is right not to pursue the short-term benefit that would otherwise flow from mixed mode. It is right to take account of the impact of that in the surrounding area, and that is why I reached my conclusion. I agree with him that it is necessary to improve surface access to the airport, and there are several proposals under way that will do that. In addition, I mentioned in my statement BAA's proposal in relation to Airtrack and direct surface links into terminal 5. My high-speed proposals will also significantly improve people's ability to travel into the airport by public transport—after all, it is a major ambition to reduce the number of people who drive their cars to Heathrow, to reduce their carbon impact.

Mr. Rob Wilson (Reading, East) (Con): Few people will take comfort from either part of the Secretary of State's statement today. My constituents already suffer considerable noise pollution from Heathrow. The statement contains no real commitment to Airtrack, no money to extend Crossrail, no commitment to a third Thames bridge in my constituency and nothing to reduce pollution. Has not the Secretary of State merely proved the old adage that the emptiest vessel rattles the loudest?

Mr. Hoon: I will send the hon. Gentleman a briefing on Crossrail, as he has misunderstood. The funding for Crossrail is in place. *[Interruption.]* The only threat to Crossrail—perhaps the hon. Member for Chipping Barnet (Mrs. Villiers) is giving us the benefit of her point of view from a sedentary position—is from the prospect of a Conservative Government. The Conservative party's proposal contains an unfunded gap. If the Conservative party cuts transport infrastructure as it proposes to do, Crossrail might not have sufficient funding.

Kate Hoey (Vauxhall) (Lab): The country will not understand how we, in the mother of Parliaments, representing our constituents, cannot have a vote on such a crucial issue. Perhaps the Secretary of State will be honest and explain to the House—[HON. MEMBERS: "Oh!"] I am sure that he is always honest; I mean that in the widest sense. Is he worried that if we had a vote, his decision on the Heathrow runway would not command the support of the House?

Mr. Hoon: My hon. Friend has been a Member of the House for far longer than I have. During that period, she has seen Ministers make a range of uncomfortable decisions in relation to planning and infrastructure, and such decisions have never been the subject of a specific vote. Clearly, the House must express its opinion on a wide range of issues, and as a former Leader of the House I would strongly support that. However, individual planning decisions have never been subject to a vote of the House of Commons. Recently, when the Planning Bill went through, it was not accepted by the House that specific planning projects should have specific votes. I hope she will accept that throughout her time in the House, it has never been the case that such votes took place.

Mr. David Evennett (Bexleyheath and Crayford) (Con): South-east London residents will be bitterly disappointed by the Secretary of State's decision today, as they will inevitably suffer increased pollution and noise as a result of a third runway. Is the Secretary of State not concerned that our children and grandchildren will inevitably suffer because of his decision?

Mr. Hoon: I do not know exactly how many of the hon. Gentleman's constituents work at Heathrow airport, but some 100,000 jobs, directly and indirectly, depend on it. It is the largest source of employment in the south-east. Many of those people about whom he is concerned will thank the Government for the decision, as they will know that their jobs and livelihoods are being protected and preserved.

Mr. Andy Slaughter (Ealing, Acton and Shepherd's Bush) (Lab): If my right hon. Friend understands that mixed mode would cause additional misery to those on current flight paths, why does he not understand that tens of thousands of people—many of them my constituents—who will be affected for the first time by a third runway will have their quality of life severely depleted? If he is wedded to airport expansion in the south-east, why does he not consider alternative sites, which would cause a fraction of the disruption?

Mr. Hoon: I assure my hon. Friend that we did consider alternative sites. If he has another look at the 2003 White Paper, he will see that some 400 alternative sites were considered. A shortlist was drawn up, and those sites were considered in still more detail. Necessarily, my hon. Friend makes representations on behalf of his constituents; I understand that. I hope, however, that he and they will look at the improvements in technology since 1975—the significant reductions in noise and in the impact on air quality. That will continue; the process will not suddenly draw to a halt. Significant improvements, such as aircraft engines causing less noise, less pollution and less harm to his constituents, will continue.

Mr. Christopher Chope (Christchurch) (Con): The Secretary of State has said that he expects the new runway to be operational early in the period between

[Mr. Christopher Chope]

2015 and 2020. Can he assure us that if that does not prove feasible, he will reconsider the issue of mixed mode? Many people who use Heathrow are very worried about the possibility of the airports becoming redundant.

Mr. Hoon: At the heart of my decision is a recognition that it is important to provide Heathrow with greater capacity. To that extent, I agree entirely with the hon. Gentleman. We have set out a way forward in terms of providing extra capacity for the airport, subject to strict environmental conditions, but I do not foresee any difficulty resulting from the decision that we have just made.

Clive Efford (Eltham) (Lab): Residents of south-east London will welcome the decision not to proceed with mixed mode, but they and everyone else will also be concerned about the impact of my right hon. Friend's proposals on climate change. Can he clarify the role that the Climate Change Committee will play in overseeing the environmental measures that he has announced? Will it merely comment on those measures, or will it have to assess the likelihood of their success in achieving the goals that he has set out before any approvals are given? If my right hon. Friend cannot clarify that, people will lose confidence in the committee, and in all that he has announced today about the environment and the third runway.

Mr. Hoon: I am grateful to my hon. Friend for his observations, and for the representations that he has made on these issues.

It is clearly important that, in presenting arguments for expansion as I have done today, we recognise the significant climate change implications not just for aviation but for all transport. That is why I have set out a clear path forward that will allow the Climate Change Committee to present its proposals for how the Government should meet their 2050 obligations. There will be a detailed programme of work, involving the committee, to ensure that the Government are on track to meet not just their general target, but specific aviation and transport targets.

Mr. Philip Hollobone (Kettering) (Con): Having been embarrassed into doing so by local pressure, the Government have announced proposals to widen the heavily congested A14 around Kettering. Will my constituents have a chance to examine the details of the plan?

Mr. Hoon: As I said in my statement, a more detailed document is in the Vote Office and available to Members. I am sure that it will provide the hon. Gentleman with more information.

Mr. Michael Meacher (Oldham, West and Royton) (Lab): If NOx exceedances are already well above permitted European Union levels, how can they conceivably be brought below those mandatory ceilings if there is a 50 per cent. or even a 25 per cent. increase in flight movements? Have the Government sought from BAA precise details of the mechanisms that are intended to bring them below those ceilings, and by how much each mechanism is expected to do so if there are 600 additional flight movements per day? If the Government have that evidence, will they publish it now, in full? If they do not have the evidence, is it not irresponsible for them to rely on BAA assurances without evidence to support them, especially given that the present level of exceedances will lead to EU fines of perhaps hundreds of thousands of pounds per day after January 2015?

Mr. Hoon: My right hon. Friend will forgive me if I am slightly puzzled by his observation. He will know from his ministerial experience that air quality testing is an independent exercise, conducted quite separately from BAA, and that the exceedance figures are published and readily available to Members of Parliament. He will also know from his previous experience that the EU air quality directive is measured in relation to people and their homes, and that testing takes place throughout the country.

As I made absolutely clear in my statement, we do have problems with exceedances, which are far greater in some parts of the country—including parts of central London—than at Heathrow. I am not making any excuses for Heathrow in saying that, but what is critically important is for us to ensure that those exceedances are brought within the terms of the directive, if possible by 2010 but if necessary, following an application for an exemption, by 2015. That will depend crucially on action in relation to motor vehicles, not aviation.

Anne Main (St. Albans) (Con): I fear that the proposal has been given an over-optimistic greenwash, and that it relies heavily on a particular type of plane for its delivery. Can the Secretary of State tell me which particular plane he has in mind, or which particular group of aerospace companies is proposing to deliver the plane by 2015?

Mr. Hoon: I am sorry that the hon. Lady has put her question in that way. This is not about a particular plane. Every new aircraft that comes into service has reduced carbon emissions, improved efficiency and lower noise levels. As I made clear earlier, steady progress has continued in that regard since the mid-1970s. We have far more efficient aircraft today. Every time the airlines bring new aircraft into service, there is a marginal improvement in their emissions.

Anne Main: So any plane will do?

Mr. Hoon: It is not a question of "any plane will do". I have made clear that it is necessary to ensure that the newest, most efficient, most up-to-date aircraft fill the new slots, but that is something that the airlines themselves will accept and encourage. If the hon. Lady looks at the kind of aircraft that generally operate from Heathrow, she will see that most airlines use their newest, most up-to-date aircraft in those existing slots.

Ms Karen Buck (Regent's Park and Kensington, North) (Lab): My right hon. Friend understands the symbolic significance of Heathrow expansion in the context of the climate change agenda. Does he accept that there is enormous scepticism about the compatibility of the increase in flights and aviation emissions with Britain's capacity to meet our reduced carbon emissions target by 2050? Can he tell us what proportion of that target will be accounted for by aviation emissions?

Mr. Hoon: That will be something for the Climate Change Committee to determine, but I am absolutely confident that we can satisfy the commitments that we have made generally on carbon change within a regime involving aviation. We are not simply saying that aviation will get a free ride, or that it can go on expanding at the expense of other parts of our economy. There will be a determined effort, both nationally in terms of the target that I have set out on behalf of the Government and internationally, which means persuading other countries to accept a similar approach as part of our Copenhagen negotiations.

John Mason (Glasgow, East) (SNP): If we are serious about the environment, surely we need to move as many people as possible out of planes and on to trains. That is particularly relevant to Glasgow and Edinburgh. Should not speeding up the west and east coast main lines be a priority, especially beyond Preston? The line between Preston and Carlisle is a problem.

Mr. Hoon: As I said in my statement, it is an equal priority. We must not only ensure that we speed up journey times across the United Kingdom to improve our transport infrastructure in the United Kingdom, but recognise that we need effective communications around the world. We must do both.

Joan Ryan (Enfield, North) (Lab): It seems to me that, difficult though the decision is, it is a decision about the national economic interest and not just about London. It is perfectly legitimate for the Conservatives to take the position that they have taken, but it is not legitimate to ignore the impact on the national economy. I hope that in the coming months the Secretary of State will take time to ensure that we fulfil our responsibility to make certain that the population know what the impact of the Conservatives' policies would be if a third runway did not go ahead.

Mr. Deputy Speaker: Order. The hon. Lady is straying well beyond the scope of the statement. I call the Secretary of State to reply very briefly.

Mr. Hoon: I am grateful to my hon. Friend for her observation, with which I entirely agree.

Mr. Mark Lancaster (North-East Milton Keynes) (Con): Given the appalling service received by commuters in the very first week of the newly refurbished west coast main line, does the Secretary of State at least understand why they are slightly cynical about his promises and the impact of future investment in the railways? May I ask him to reassure them about the action that he will take to ensure that last week's events are not repeated?

Mr. Hoon: One of the clear economic justifications for looking hard at future capacity on our rail network and the requirement to build new lines is the increasing use of that capacity on lines such as the west coast main line. Despite the difficulties that we have faced, and while I well understand the impact on travellers in recent weeks and sympathise with them, an £8.8 billion investment is producing better, more frequent services for passengers up and down that line. There will, however, come a point when we need new capacity, particularly if rail usage continues to increase as it has in recent years. That is why we are proposing specifically a new high-speed line to the west midlands and beyond.

Martin Linton (Battersea) (Lab): My constituents will certainly welcome the rejection of mixed mode, which was the greatest threat to their quality of life, even if they are dismayed on environmental grounds by the continuation with the third runway. Will my right hon. Friend make it absolutely clear to them that there will be no increase in landings over south London on to the two existing runways? Also, if he is abrogating the Cranford agreement, could he not also do away with westerly preference, which results in an undue number of flights over south London, and far beyond what is justified in terms of prevailing winds?

Mr. Hoon: My hon. Friend has been assiduous in making the transport case for his constituency. I have had a number of meetings with him where he has argued it extremely effectively. I am pleased to be able to respond in the way that I have in relation to mixed mode—he has argued that case extremely effectively. It is right to make allocation judgments that spread the noise around Heathrow airport more fairly, which is why we have abandoned the Cranford agreement. However, I do not agree with my hon. Friend's argument about changing the current preference in respect of the airport, because, again, that is determined largely in relation to the populations affected.

Several hon. Members *rose—*

Mr. Deputy Speaker: Order. We must move on now, to be fair to the other issues that have to be discussed. I apologise to the Members I have not been able to call, but I am sure they will be remembered collectively by the Chair when this matter comes up for discussion again.

Equitable Life

1.21 pm

The Chief Secretary to the Treasury (Yvette Cooper): Mr. Deputy Speaker, I would like to make a statement in response to the parliamentary ombudsman's report on the prudential regulation of the Equitable Life Assurance Society from 1988 to December 2001. This is the ombudsman's second report; it was based on a four-year inquiry, and I would like to thank the ombudsman for her thorough and extensive consideration of all the issues involved. The Government have carefully considered this substantial report over some months, as it has raised complex and important issues. We agree that there has been maladministration in particular areas, and also that Government action is merited as a result.

As the ombudsman's report sets out, Equitable Life is a mutual life assurance company whose policyholders share in the profits or losses of the business. Equitable had established a business which involved high volumes of policies with guaranteed annuity rates, and a well-advertised policy of distributing earnings as bonuses without building reserves for the future. After market conditions changed and the level of liabilities rose significantly relative to its assets, Equitable attempted to resolve this through its differential terminal bonus policy. However, when this was found unlawful by the House of Lords in 2000 and Equitable was unable to find a buyer to cover the additional liability of £1.5 billion, the society closed to new business in December 2000. As a result of these events, many policyholders now hold policies worth significantly less than they had originally expected.

Lord Penrose's forensic report on all the events surrounding Equitable Life concluded that the society's own actions ultimately precipitated its financial difficulties in the summer of 2000. He said:

> "Principally, the society was author of its own misfortunes. Regulatory system failures were secondary factors."

In addition, he found significant problems with the then regulatory regime, which was reactive and unintrusive. Since then, we have introduced major regulatory reforms. It is also right to look at the role of regulators within the regime that applied at the time. The parliamentary ombudsman has looked specifically at this issue—the role of the society and others being, of course, outside her remit. Her extensive report includes 10 findings of maladministration and five findings of injustice as a result.

The Government have considered the report in detail. We have also considered the report of the Public Administration Committee, published in December, and I pay tribute to it for its work on this issue as well. We agree with the ombudsman that there was maladministration by public bodies in several areas. In particular, the Government agree that Equitable Life's regulatory returns in the period from 1990 through to 1996 in some cases raised questions which should have been resolved by the public bodies, but were not. In some cases we recognise this may have led to injustice for policyholders, although in several we believe it did not, in the context of the different regulatory regime which applied at the time. The Government also agree that the regulator should not have been satisfied that a reinsurance treaty entered into by Equitable Life justified the credit taken for it from 1998 to 2000. Equitable Life's regulatory returns gave a materially different picture of the society's regulatory solvency position because of the credit taken for the reinsurance treaty. We agree, too, that certain statements made by the Financial Services Authority after 2001 had the potential to mislead and may have caused injustice as a result. The detailed response to each finding, and the reasons supporting these conclusions, are set out in the Command Paper.

The ombudsman's report states:

> "I am very far from concluding that everyone who has complained to me about the prudential regulation of the Society has suffered a financial loss."

Nevertheless, it is clear that people have been affected, and have experienced significant distress due to events at Equitable Life. I think the whole House regrets the problems caused by the mismanagement of the society, and I wish to apologise to policyholders on behalf of the public bodies and successive Governments responsible for the regulation of Equitable Life between 1990 and 2001 for the maladministration we believe has taken place.

We also need to consider the fairest way to respond to policyholders now. We have looked in detail at the ombudsman's proposal for compensation. As the House will be aware, Parliament has recognised over many years that it is not generally appropriate for the taxpayer to pay compensation even where there is regulatory failure. The responsibility to minimise risks and to prevent problems from occurring in a particular financial institution lies, first and foremost, with the people who own and run that institution. The Financial Services and Markets Act 2000 reaffirmed the long-standing exemption of financial regulators from liability for negligence in the courts. The ombudsman's framework covering maladministration is, of course, different from the courts' approach to negligence. Nevertheless, we believe the underlying principle remains an important one; it has informed the approach of successive Governments, and we believe it should be sustained for the future.

It would have serious repercussions for the taxpayer, for the relationship between Governments and financial markets, and for the nature of regulation, if the taxpayer were to provide a remedy for all losses every time the regulator fails to prevent a financial institution from getting into trouble. Nevertheless, we are concerned by the representations we have received from Members and others, both directly and through debates, that some policyholders have been disproportionately affected by the events at Equitable. It is on that basis that we believe it is right in this case for Government to set up an ex gratia payment scheme to help.

To do this in a fair way, there are a series of important issues that we need to take into account. In particular, we need to take account of the role and responsibility of Equitable Life and other parties. As the Public Administration Committee said in its December report:

> "The current board of Equitable Life and many others have acknowledged the legitimacy of Lord Penrose's conclusion; few people dispute that its former management were primarily to blame."

Even where there was maladministration, there was also a responsibility on the part of the society. Let us take, for example, the case of the reinsurance treaty. Although the FSA failed to follow up problems with the treaty, it was still the decision of the society to enter into the agreement in the first place, and it was the society which had primary responsibility to ensure that the treaty operated in the way intended. The Select Committee also said:

> "The fairness of requiring taxpayers to compensate Equitable Life's policyholders firmly depends upon making sure that public funds do not pay for loss that is fairly attributable to the poor performance of the stock market or to the mismanagement of Equitable Life's former directors that could not have been prevented by adequate regulation."

Secondly, as the ombudsman herself has said, the Government also have a responsibility to taxpayers generally to balance competing demands on the public purse. Her report states:

> "I recognise that the public interest is a relevant consideration and that it is appropriate to consider the potential impact on the public purse of any payment of compensation in this case."

It is important to note that neither the ombudsman nor the Government has been able to estimate the cost of her recommendation, as we do not have detailed information on the relative losses experienced by different groups of policyholders or on the factors affecting the losses of different groups.

Thirdly, we also want to focus on those who have been hardest hit. The ombudsman has noted:

> "The particular circumstances of each complainant vary enormously—in terms of their age, their involvement with the Society, the amount that they claim to have lost as a result of that involvement, and the degree of reliance that they have now, or had in the past, on income derived from their investments with the Society."

Many hon. Members have made representations to us on this issue.

Fourthly, we need to take into account important practical considerations. Neither we nor the ombudsman currently have much of the important information or assessments that we need to implement a payments scheme. The ombudsman, commenting on her own proposals, said that

> "the creation of such a scheme would not be straightforward by any means".

We have considered all of these points, and we intend now to set up a scheme to make ex gratia payments to those who have been disproportionately affected. In order to do so, we have today asked Equitable Life to make available its detailed policyholder information. We have also asked former Lord Justice of the Court of Appeal, the right hon. Sir John Chadwick, to look at the information and advise us on the following points: first, the extent of relative losses suffered by Equitable Life policyholders; secondly, the proportion of those losses that should properly be attributed to the maladministration accepted by the Government and to the actions of Equitable Life and others; thirdly, which classes of policyholder have suffered the greatest impact as a result of the maladministration accepted by the Government; and fourthly, the factors arising from this work that the Government might take into account when reaching a final view on determining whether a disproportionate impact has been suffered. Sir John's terms of reference are being published today.

The ombudsman recommended that a payments scheme should be completed two and a half years after the decision to pay out. The Select Committee said that it could not assess whether that was viable, and our initial assessment of the ombudsman's approach is that it might take significantly longer than that to implement fully.

Many hon. Members have raised concerns about the length of time policyholders have had to wait for resolution of this case, and given that many have already retired, we believe it is important to set up a scheme that can pay out as swiftly as possible, taking account of the difficult practical considerations involved. We have therefore asked Sir John to advise as quickly as he is able, and that includes providing interim updates and conclusions on an ongoing basis, so that work can progress on the practical issues in parallel without waiting unnecessarily for all his work to be concluded. We do not want to be constrained by the assessment that we have made of the ombudsman's proposals in setting out the pace at which we can implement this scheme.

The Government will therefore introduce a fair payment scheme for policyholders who have suffered a disproportionate impact. We will do so with the benefit of Sir John's advice and taking account of the position of the public finances, as well as practical considerations. For the reasons that I have explained, we do not believe it would be right to set up a compensation scheme in the way that the ombudsman proposed, but we do believe that this is the right response. I hope the House will recognise that there is no easy solution to the problems at Equitable Life and the faults that have been found. The events at Equitable Life have been very difficult and complex and have caused problems for policyholders across the country. The consideration of those events has already informed substantial regulatory reform, as well as wider reviews of corporate governance. Today's response sets out new help for policyholders that we believe is fair to both policyholders and taxpayers. It continues to support a sensible approach for the future, and I commend it to the House.

Mr. Mark Hoban (Fareham) (Con): I congratulate the ombudsman on the way in which she investigated this matter—she has done her job in an exemplary fashion. I would also like to thank the policyholders and their action groups who have made sure that this issue was always on our agenda—their persistence has paid off. After years of trying to block compensation, the Government have finally admitted today that the regulators failed Equitable Life's policyholders and that they deserve justice.

It has been a long, hard fight by campaigners, made longer and harder by the intransigence of a Government who have consistently sought to evade taking responsibility for what happened at Equitable Life. In 2004, the Treasury ignored the Penrose report's findings that the regulators had failed. The Treasury then tried to argue that the ombudsman could not investigate a decade of regulatory failure. Having lost that argument, the Treasury bombarded the ombudsman with new information and a 500-page submission on her draft report, so that a report that was due at the end of 2005 was finally published in July 2008, and for the past six months the Government have been sitting on it. Even this statement has been delayed—the Government promised it in the autumn, the Prime Minister promised it before Christmas and we have been waiting until January to get a copy of it.

Why has the Treasury has sought to block, frustrate and delay this report, and block justice for policyholders? It has done so to hide the Prime Minister's embarrassment.

[Mr. Mark Hoban]

The most damning findings of maladministration related to the period since 1997—a period when the Treasury and the Prime Minister had responsibility for regulation. While the Treasury dithered and delayed to spare the Prime Minister, 30,000 policyholders died—they will never see the justice that they deserved—and policyholders living on reduced pensions and annuities paid the price for the Government's failure to act sooner.

The Chief Secretary to the Treasury quoted Lord Penrose's comment that

> "the society was author of its own misfortunes."

However, he also concluded that

> "the practices of the Society's management could not have been sustained over a material part of the 1990s had there been in place an appropriate regulatory structure."

The ombudsman's hard-hitting report backed that conclusion. The regulators failed to use their powers to stop the destruction of Equitable Life. Report after report shows that policyholders were let down by regulators. Why have we had to wait until now for the Government to concede that compensation should be paid?

In 1989, the then shadow Trade and Industry Secretary—now the Prime Minister—asked

> "why it took an internal inquiry, a departmental inquiry and now the ombudsman's investigation…before justice began to be done?"—[*Official Report*, 19 December 1989; Vol. 164, c. 204.]

Twenty years later, we ask the same the question today. Why did the Government wait so long to recognise the regulatory failings that led to Equitable Life's policyholders losing money?

We have always believed that policyholders should be compensated if maladministration was found, so we welcome the Government's announcement. Can the Chief Secretary to the Treasury answer some simple questions? She is aware that policyholders have waited some time for justice and she said that she had no timetable to indicate when they would receive it. When will Sir John give an interim report on his work? She also announced what appears to be a hardship fund. Why has she rejected the Public Administration Committee's conclusion that

> "the payment of compensation is not a matter of charity but…of justice"?

Who does she expect will benefit from this fund? Will it depend on how much people have invested or how much they have lost, or on their broader financial position? Is this about means-testing compensation rather than about compensating people for injustice? Can the Treasury explain whether it has imposed a cap on how much compensation can be paid to policyholders, either individually or as a group?

The Treasury could have decided to compensate Equitable's policyholders when Lord Penrose reported five years ago, but instead it has dragged this out to save the face of the Prime Minister—and it is policyholders who have paid the price. Now the Government have conceded the case for compensation they can no longer drag their feet. Justice cannot be denied any longer.

Yvette Cooper: I am disappointed by the tone of the hon. Gentleman's response. The Government recognise that serious events occurred at Equitable. As the Penrose report set out, those were principally the responsibility of the society. However, we recognise that maladministration took place. Today, I have apologised to the House and to policyholders on behalf of successive Governments and the public bodies that were involved. I would hope that the hon. Gentleman's party will join in that apology on behalf of the previous Conservative Governments, who were, of course, also responsible for the regulatory bodies in a way that affected Equitable Life and policyholders over that period.

The hon. Gentleman also quoted from the Penrose report, which said that events might not have unfolded in the way that they did had there been in place an appropriate regulatory structure. The Penrose report indeed pointed to a series of faults with the previous regulatory regime, which stretched back to the previous insurance Act and the regulatory framework that had been put in place and supported by the previous Conservative Government over very many years.

I did not seek to make that a political point in my statement and my response to the House. However, as the hon. Gentleman raised the matter, I must point out that it was this Government who introduced substantial reform of the regulatory process, which took account of many of the failings by Equitable Life and was based on the Penrose report. Indeed, that report welcomed many of the reforms that were under way as a sensible response to the failings of the regulatory regime as it affected Equitable Life—*[Interruption.]*

Mr. Deputy Speaker (Sir Alan Haselhurst): Order. I am sorry to interrupt the right hon. Lady, but the crossfire of sedentary comments across the Chamber is doing us no good at all.

Yvette Cooper: The hon. Gentleman asked a series of questions, and I shall try to deal with them. He asked when we expected Sir John to report. We would like him to report continually on an interim basis, because we need to engage in practical work to deliver a payment scheme alongside his work. We should not simply wait for the judge to come up with final conclusions, but work alongside his assessments, so we have asked him to update us continually on his work and conclusions.

On the question of why we have not pursued the overall principle of compensation as set out by both the ombudsman and—as the hon. Gentleman rightly said—the Select Committee, I set that out in my statement. It is important that financial regulation does not come with a taxpayer guarantee. It is important for the future interests of the taxpayer and the relationship between the Government and the financial markets that if a company gets into trouble or takes dodgy action and the regulator fails to prevent that, compensation by the taxpayer is not automatic. I think the hon. Gentleman would agree that that would fundamentally change the relationship between the regulator and the financial markets, and between the Government and the financial markets.

We recognise, however, the points that many hon. Members have made about the difficult circumstances facing their constituents as a result of the events at Equitable Life. That is why it is right to set up the ex gratia payment scheme. That is the right approach, and I hope that hon. Members recognise that although the process is not simple, we are trying to be fair to both policyholders and the taxpayer, and to take the matter forward as fairly as possible.

Dr. Vincent Cable (Twickenham) (LD): I thank the Chief Secretary for her statement. I welcome the apology, and I welcome more guardedly—because we do not yet know the full details—the compensation principle. However, that comes after the long, shabby and disreputable treatment of policyholders. The endless delay and dissimulation have angered up to 1 million of them, many of whom have lost up to half their pension to the extraordinary extent that a period of maladministration that occurred largely under the previous Government has become a massive own goal for this Government. That makes it all the more surprising that the Conservative shadow Chancellor did not think it worth his while to turn up today—[HON. MEMBERS: "What about the Chancellor?"] Well, I am here.

We are celebrating the 20th anniversary of the Prime Minister establishing his reputation as a parliamentary star by speaking for the then Labour Opposition in defence of Barlow Clowes's policyholders. He made a passionate speech in their defence. A question that has often been asked since is why the compensation that was eventually accorded to those investors was not reproduced for Equitable Life policyholders. The answer was always that nothing could be done without an ombudsman's report. We now have one, nine years after the company's collapse, and it is worth rehearsing the endless delays, many of which were deliberate.

The ombudsman said that, in 2001, the then Chancellor's delay in holding an inquiry was "iniquitous and unfair". There was then a long period before the Penrose report and the establishment of another ombudsman inquiry. Eventually, last year, even after the Maxwellisation process, there was a six-month delay before the matter came to the House. However, it is here, and the Government have announced a compensation scheme.

Has the Treasury doctrine of compensation not changed fundamentally following what happened last year with the Icelandic banks, when people who had chased yields in high-risk accounts were fully and promptly protected by the Treasury? In contrast, prudent, careful investors in Equitable Life have been kept waiting for a highly uncertain scheme for the best part of a decade. That matters, not just because many of them have retired, but because many of them have died. The issue would never have been maintained but for the persistence of the Equitable Members Action Group, which I commend.

Finally, can we try to bring the matter to a conclusion by having an early debate not just on today's statement and the ombudsman's report, but on the report of the Select Committee on Public Administration and the European Parliament's EQUI report, so that we can look forward to early settlement of many deserving cases?

Yvette Cooper: I welcome the hon. Gentleman's welcome for the key elements of my response to the report. Hon. Members asked about the whereabouts of the Chancellor, and he is in Prague talking to the European Presidency about international banking reforms and capital adequacy in advance of the next ECOFIN. Clearly, it is for the Conservative Front-Bench Members to explain the whereabouts of the shadow Chancellor and Chief Secretary.

Mr. David Gauke (South-West Hertfordshire) (Con): Where is the Chancellor?

Yvette Cooper: Hon. Members on the Conservative Front Bench are clearly not listening. I have just explained the Chancellor's location.

The hon. Member for Twickenham (Dr. Cable) referred to what happened with the Icelandic banks and asked whether the approach to compensation had changed. That issue was different because it involved systemic risk. It arose at a time when there was considerable movement of money from one account to another, and significant anxiety about confidence in the banking system as a whole and in retail deposits and savings. In that climate, we believed that it was right, for reasons of financial stability, to put in place additional support for the existing financial services compensation scheme. He will be aware that that scheme is funded by the industry. We recognised that additional Government support was needed, just as additional Government guarantees were needed for Northern Rock because of the wider risk to financial stability. I do not think that that sets a precedent for other individual cases and institutions.

The hon. Gentleman asked for an early debate, and I will pass his request to business managers.

Several hon. Members *rose*—

Mr. Deputy Speaker: Order. Without disrespect to the importance of the subject—I doubt whether any hon. Member does not have constituents who are concerned about it—we cannot continue with it for an unlimited time as many hon. Members want to take part in the debate on Gaza, which is also important to many people. My aim is to conclude this debate at 2.20, so I beg for brief questions and answers to facilitate that.

Dr. Tony Wright (Cannock Chase) (Lab): I thank my right hon. Friend for accepting the essentials of the ombudsman's report. The decision was difficult for the Government, but I think they have come to the right conclusion. The apology is right, the acceptance of maladministration is right, the acceptance of injustice is right, and setting up a compensation scheme is right. Nevertheless, why did the Government decide not to adopt the ombudsman's recommendation to set up an independent tribunal, but instead to ask Sir John Chadwick to give further advice?

Secondly, will my right hon. Friend explain the phrase "disproportionate impact"? As I understand it, she is trying to identify a category of policyholders who have suffered a disproportionate impact and saying that only they will come under the rubric of a compensation scheme. Does that not excessively narrow the scope of such compensation in a way that the ombudsman did not recommend?

Yvette Cooper: I welcome the work that my hon. Friend's Committee has done to look into this matter. The ombudsman's recommendation was to set up an independent tribunal that would then consider individual cases. We believe that in order to set up a payment scheme, we need additional advice on the position that policyholders are in. We also need to consider the relative losses they experience, as well as at how far those losses can be fairly attributed to the regulatory failure and to mistakes made by the society and others. My hon. Friend will recognise that we need independent advice on the issue and that that is preferable to the Government's simply making a decision on how to

[Yvette Cooper]

apportion responsibility fairly. The issue is complex and that is why we felt that appointing an independent judge to provide us with that advice would be the most sensible way to proceed, as well as the swiftest, rather than setting up an independent tribunal to do the same job.

My hon. Friend raised the matter of disproportionate impact. We have asked Sir John to give us advice on how we should interpret disproportionate impact by considering the experiences of policyholders. We would expect that interpretation to include consideration of the extent of somebody's losses and how great they were as a proportion of their income—that is, at whether they were relying on that income or had other sources of income.

We know, for example, that there is a difference, as I hope the House would recognise, between someone who relies on their Equitable Life pension for most of their income and has seen significant reductions in it as a result, and someone who might still be in work, and has alternative ways in which they can invest. For example, in the debate that took place in Westminster Hall, the hon. Member for Cities of London and Westminster (Mr. Field) brought up cases of his constituents who had been particularly heavily hit, while the hon. and learned Member for Harborough (Mr. Garnier) said that he was an Equitable policyholder. Clearly, there is a big difference between those circumstances. We believe that it is right to be able to take such circumstances into account. However, we are asking the advice of the judge in order to inform our final decisions.

Mr. Iain Duncan Smith (Chingford and Woodford Green) (Con): Will the right hon. Lady reflect on what she has just said? Surely the simple question is whether the Government were culpable in any shape or form, and today the Chief Secretary has admitted that they were. She has apologised, and that apology is accepted. Surely the reality is that the money lost is money lost. If the Government have any involvement in the process, they have a duty to ensure that those other people are properly compensated and not to investigate who has a right to be compensated and who has not just because some are slightly better off than others.

Yvette Cooper: The right hon. Gentleman is advocating a pure compensation scheme. I set out in my statement exactly why I think that that would not be the right approach and why it would fundamentally change the relationship between the Government and the financial markets were we to set up a system in which the taxpayer was always to pay out whenever there was regulatory failure. We believe that that is an important principle, but we also think that it is right to focus on those who have been hardest hit and to recognise where there has been disproportionate impact. The shadow Chancellor has also said:

> "As the Ombudsman makes clear, policyholders cannot expect to receive payments for the full losses suffered and any payment scheme must be consistent with…public finances".

Members on both sides of the House recognise that there are difficult issues that need to be taken into account. We believe that we should be fair and recognise the difficult circumstances that some policyholders, in particular, have been hit by.

Andrew Miller (Ellesmere Port and Neston) (Lab): I welcome my right hon. Friend's statement. A considerable number of my constituents will be waiting to see the detail. On a practical point, many of the people involved are getting old—some of my constituents are getting extremely old. Within what kind of time frame—weeks, months or years—should they expect to get money in their pockets?

Yvette Cooper: My hon. Friend makes an important point. The ombudsman recommended a two-and-a-half-year time scale within which to begin payments and we are mindful of that recommendation. We want to set up a scheme that can pay out as speedily as possible. The ombudsman also said that there were potential difficulties and trade-offs between a scheme that is speedy and swift to implement and one that is fair to individuals and to the taxpayer. We have to take all those things into account. We will be working with Sir John on an ongoing basis to try to assess some of those practical issues as speedily as possible and we will keep the House updated on the progress that we make.

Mr. Michael Fallon (Sevenoaks) (Con): Will the estates of policyholders who have died be able to make a claim, and in which quarter of which year does she now expect the first payments to be made?

Yvette Cooper: Clearly, the issue about people's estates when they have, sadly, died is important. We will need to take it into account as part of the consideration of disproportionate impact. We will ask the advice of Sir John Chadwick on how that issue should be addressed. I cannot tell the hon. Gentleman the precise time scale or which steps that we will be able to take, but I can tell him that we are keen to do this as speedily as possible.

Mr. Andrew Love (Edmonton) (Lab/Co-op): I congratulate my right hon. Friend on her statement. I have two points. First, on the time scale, she has come up with what she describes as a simpler scheme. Does that mean that it will be quicker than that suggested by the ombudsman? Secondly, she said that hardship would be a significant criterion for compensation. Will she describe that a little more? Can she reassure those who have lost significant sums of money in Equitable Life that they will still be compensated?

Yvette Cooper: My hon. Friend asks what the time scale will be relative to the ombudsman's scheme. My view is that the ombudsman's own proposals would have taken some time to implement. We will all be aware from examples in our constituencies of different payment schemes or compensation schemes that have taken considerably longer than was originally intended. We are mindful of that and, in the design of the scheme, we need to take it strongly into account. We need to aim to design a scheme that can pay out as swiftly as possible, and that will be part of our considerations. It will also be one of the issues that we will discuss with Sir John Chadwick.

My hon. Friend also asked what we will take into account when it comes to considering disproportionate impact. Some policies might have been hit harder than others and have been more heavily affected, and some people will have seen larger losses. The ombudsman said that she was far from concluding that all the complainants had experienced financial loss as a result of the events at Equitable. Policyholders are in a wide range of circumstances and a wide range of impacts have been experienced. It is right that we should take that all into account in designing a fair scheme.

Mr. Graham Brady (Altrincham and Sale, West) (Con): I, too, am appalled at the proposals to means-test the compensation. Given the fact that tens of thousands of policyholders have already died without compensation, may I press the urgency of compensation on the Chief Secretary? In particular, will she consider looking at interim payments for people to ensure that they get some benefit, especially for those who might be approaching the end of their lives?

Yvette Cooper: Again, we have asked Sir John to consider what disproportionate impact might be. That might include a range of issues, such as the scale of the impact on someone's policy, rather than simply their current circumstances. Secondly, I completely appreciate the hon. Gentleman's point about the urgency. However, he will understand that there are a series of practical difficulties. We do not have the information about policyholders yet, and the information that the ombudsman held meant that she was constrained in setting out how any kind of scheme should work. We are prepared to consider whether there are ways of speeding up payments for particular groups or whether there are different approaches that can be taken, but we will need to take the advice of Sir John Chadwick and to look at the policyholder detail in order to be able to do so.

Miss Anne Begg (Aberdeen, South) (Lab): I welcome the fact that the Government have accepted that there needs to be conversation, and the fact that they have said that the process has to be speedy, but may I express a word of caution? Of course it has to be speedy, but it also has to be fair. With other compensation schemes, such as the financial assistance scheme and the cod war trawlermen's scheme, our experience has been that the Government have had to go back and look at them again. In some cases, there has had to be another trawl of applications. My advice is to make sure that we get the scheme right from the beginning. The scheme that we are talking about will be much more complex than either of the two compensation schemes I mentioned. I also wonder whether there is anything that MPs who have large numbers of Equitable Life policyholders in their constituencies can do to help the Government to find out about the different types of people who have been affected.

Yvette Cooper: My hon. Friend raises an important point. She is right that the issues involved are complex. Assessing relative losses, and how far policies might have changed simply because of market conditions, raises a series of wider questions. We know that there are many people who hold similar policies with other companies whose policies changed in value, or made losses, in particular periods. So the issues are complex, and we have to take that into account.

My hon. Friend also asked what MPs can do. My hon. Friend the Economic Secretary to the Treasury will write to all MPs with updates on what the next steps will be. I know that he will be happy to talk to her about what else MPs could do to take the process forward.

Mr. Crispin Blunt (Reigate) (Con): If the scheme ever does come to a conclusion—unlike the Liberal spokesman, the hon. Member for Twickenham (Dr. Cable), I do not think that the matter is concluded—it will take into account the position that the public finances are in when the scheme pays out. That position could hardly be worse. How much will that discount the possible amount of compensation?

Yvette Cooper: As I have said, we will take account of Sir John's advice, the relative losses experienced, how far the responsibility is fairly apportioned between the regulatory bodies, the society and others, and the public finances. As the ombudsman has said, it is right to do that, because in effect we are talking about taking account of the interests of taxpayers; it is fair to do so. The shadow Chancellor has said that any payment scheme

"must be consistent with sound public finances".

His party has a rather different view from ours about what should happen to the public finances over the next few years, so his party's assessment of that may be different from ours.

Mr. Brian Jenkins (Tamworth) (Lab): I welcome the statement and, in particular, the apology at the start. It looks as if we are coming to the beginning of the end of this sad, long saga. My right hon. Friend has in part answered the many requests made by Members today by saying that the scheme needs to be quick so that the money can get to those individuals who live in poverty because of this saga, and who might not have much longer to live. Will she tell us, today if possible, when she expects Sir John to get back to us on the first instalment? Will she then set up a pro rata payment system, or a system that pays some money to those pensioners? Who will staff it, and what process will we Members of Parliament have to use to ensure that those affected know who to write to, and what progress is being made with their claim?

Yvette Cooper: As I have said, my hon. Friend the Economic Secretary will update Members of the House on the progress made. Again, we will need to take a wide range of issues into account. Clearly, we do not want a judicial process that takes many years, and it is not at all Sir John's intention to have one. We are talking about an ongoing process in which we will work with him, and we will receive his conclusions or findings as he comes to them on a monthly basis. I cannot give my hon. Friend a specific undertaking about a particular timetable, because I do not know how long it will take to complete that work.

Sir Robert Smith (West Aberdeenshire and Kincardine) (LD): Earlier, the Minister mentioned that she could not take the route that the Government took with the banks, because in that case the Government were trying to restore financial stability. Surely we are trying to encourage investors once again to have confidence. Investors believe that they have been victims of maladministration and have had an apology; surely that

[Sir Robert Smith]

apology has to be followed up by a proper compensation scheme that is related to what they lost, not their circumstances.

Yvette Cooper: I think that a fair ex gratia payment scheme will take account of what people have lost, but it is also right to take account of the wider circumstances, as we have set out. I recognise the hon. Gentleman's point about people's approach towards their investments and the regulatory framework. However, the circumstances that we faced when it came to making decisions about the Icelandic banks, and the very serious financial stability problems that we faced in the autumn, were unique; that was a set of events the like of which we have not seen for many generations, and it was right to respond to those in a different way. I do not think that that necessarily has wider implications for how we deal with societies or companies in normal times.

Derek Wyatt (Sittingbourne and Sheppey) (Lab): I thank my right hon. Friend for her statement and apology. We in the House have dealt with the issue of occupational pensions schemes over the past five years, but Equitable Life is at least 10 times bigger than that. Can she tell us how large Sir John Chadwick's office will be and how many people will be in it? Moreover, if she is to run a shadow system in the Treasury, how will that be staffed? Our experience with occupational pensions was that there was incompetence in analysing each individual case, and individual cases will be analysed in the case of Equitable Life, too. Will she report back before the summer recess to tell us where we have got to, so that we better understand the time frame? That is the key issue that most Members are concerned about.

Yvette Cooper: My hon. Friend the Economic Secretary and I will be keen to keep the House updated, and to report back at regular intervals—not only before the summer recess—on the progress made. Obviously, we are in discussion with Sir John Chadwick about the scale of resources or support that he needs to carry out his work, and I am happy to update my hon. Friend on that, and to write to him in due course.

Mr. Andrew Tyrie (Chichester) (Con): What obstacle was there to getting Sir John Chadwick's work under way immediately after the publication of the ombudsman's report and as soon as it became clear that some compensation would be necessary? That would at least have sped up this whole ghastly process by six months.

Yvette Cooper: I think that the hon. Gentleman would recognise that the ombudsman took four years to complete her work. It has taken us some months to consider the issues that she raised, and to ensure that we can set out a process that is fair to both taxpayers and policyholders, and that takes into account wider issues to do with the relationship between the Government and financial markets and the role of the regulator within financial markets. The ombudsman has raised a whole series of complex issues. We have given them detailed consideration and have come to our view. We think that the next step will be for Sir John to carry out his work, while we work alongside him on some of the practical measures.

Mr. Gordon Prentice (Pendle) (Lab): I, too, welcome the Government's apology, but regret that we have heard nothing similar from Conservative Members. On the fair payments scheme, is it the Government's intention to cap payments to individuals, or the totality of the scheme?

Yvette Cooper: My hon. Friend makes an important point. It would be helpful if the Opposition recognised the history of the events and joined us in apologising to policyholders for the events that have taken place. My hon. Friend asks whether caps should be applied. We have said that we will ask Sir John Chadwick what approach should be taken, and how payments can be set out in a way that is fair. That is one of the issues that he will need to consider.

Mr. Stephen O'Brien (Eddisbury) (Con): After all the ducking, weaving and kicking into the long grass, the bottom line is that Equitable policyholders simply want to be restored to the position that they would have been in but for the five admitted instances of injustice and the 10 admitted instances of maladministration, not least on the reinsurance treaty, even under the current financial and prudential supervisory arrangements. Surely it must be right not to believe that a system is fair simply because the Minister says that it is fair. What can be said to any policyholder on the fairness of the system when there is uncertainty about whether they will be discriminated against in a scheme intended not to restore them to their former position, following maladministration and injustice, but to bring about social engineering?

Yvette Cooper: Again, the hon. Gentleman's party's position, as set out by the shadow Chancellor, is that

> "policyholders cannot expect to receive payments for the full losses suffered".

I have set out in some detail why we think that it is appropriate to set out an ex gratia payment scheme that recognises that there is a wider principle, which Parliament has recognised and supported in other cases. That principle is about the regulator not becoming the guarantor of the regulated bodies, and the taxpayer not providing a guarantee for regulated bodies. We have to ensure that the way in which the financial markets operate, and the way in which the relationship between the financial markets and the Government operates, is not fundamentally distorted by our changing a long-standing approach, taken in many areas, on how compensation is dealt with when it comes to regulatory failure.

We recognise, however, the circumstances raised by hon. Members, which is exactly why we have said that there should be ex gratia payments in cases of disproportionate impact, which will take account of the scale of people's losses and their experiences. However, it is right to do that in a way that is fair to taxpayers as well as to policyholders, and that takes account of the importance of a sustainable system in future.

Dr. Gavin Strang (Edinburgh, East) (Lab): Again, on the time scale, does my right hon. Friend accept that because this prolonged and fundamental regulatory failure occurred more than eight years ago—and a significant number of the people who suffered losses have died—it is vital that we proceed with extreme urgency? The ombudsman recommended that a compensation payment scheme be set up within six months, but does she accept that what matters is how quickly people receive those payments? Can she give them some encouragement that the measure will proceed at some speed?

Yvette Cooper: There are significant questions about whether it is possible to set up the kind of scheme that the ombudsman recommended within a six-month period. The Select Committee on Public Administration did not feel able to assess whether that was a sensible or plausible time scale. My right hon. Friend is right to say that we need to do this as speedily as possible, but I hope that the House also accepts that these are complex issues. The ombudsman herself has said that people with different circumstances have been affected in different ways. We need to look at the information about the policyholders and their position to take this forward.

Mr. Andrew Pelling (Croydon, Central) (Ind): Like many hon. Members, I too have received a lot of correspondence from my constituents in Croydon, Central. Would it be unsafe for me to write back them telling them to expect some payments to start this calendar year?

Yvette Cooper: I cannot give the hon. Gentleman a specific timetable for the payment, and I would not want to mislead him. We have asked for the information from Sir John Chadwick, and we must also undertake additional work on the practical issues. I would not want to give people misleading information, and I am trying to be straight with them about the fact that we simply do not know how long it will take. However, we accept the important points that people have made about the need to implement this as fast as possible, bearing in mind the points that my hon. Friend the Member for Aberdeen, South (Miss Begg) made about the need to make sure that it is fair, too.

Mr. David Drew (Stroud) (Lab/Co-op): I very much welcome what my right hon. Friend had to say, and I am interested in the proposal for an interim arrangement. Will she include in that arrangement policyholders' widows and widowers as a priority, particularly older ones, who have lost out doubly from the whole process?

Yvette Cooper: We will look at all those issues. However, we would not want to set up an interim payment scheme that ended up being so complicated that it delayed the main payment scheme. We will take all those things into account when we set out the next steps.

Mr. Elfyn Llwyd (Meirionnydd Nant Conwy) (PC): I am sure that many thousands of our constituents will be relieved to hear the statement but, as ever, the devil is in the detail. The right hon. Lady will have thought about the staffing needed to do this quickly and properly, and about from where those staff will be drawn, even before Lord Justice Chadwick finishes his deliberations. I hope that she will correct me if I am wrong but—call me a cynical old lawyer—"ex gratia" often means selling someone short to make them go away.

Yvette Cooper: Work is under way on the resources needed for the work over the coming months, and I am happy to keep the House informed of our progress. We are attempting to do this in a way that is fair to taxpayers, as well as to policyholders, and takes into account people's different experiences.

Barry Gardiner (Brent, North) (Lab): My right hon. Friend's statement was a gracious one, and her apology in particular was gracious, which will mean a great deal to many of my constituents. Speed and simplicity—

Mr. Deputy Speaker: Order. I do not want a statement from the hon. Gentleman, particularly at this stage—he must ask a question.

Barry Gardiner: Will my right hon. Friend ensure that there is an examination of the way in which those people who are closest to their latest years in life, and who have been most severely disadvantaged by the losses that they have suffered from Equitable Life, will be part of an interim scheme to make sure that they receive some benefit before their lives come to an end?

Yvette Cooper: One of the issues that we want to look at is the age of policyholders, their circumstances and the extent to which they have been affected. As I have said, we will look at the issue of interim payments but we would not want that to delay the overall scheme. We must take all those things into account and ask the judge's advice.

Miss Julie Kirkbride (Bromsgrove) (Con): May I press the right hon. Lady on the issue raised by the hon. Member for Stroud (Mr. Drew)? If she cannot promise that the estates of deceased policyholders will be compensated for their losses, can she at least promise that widows and widowers who, because of the losses in Equitable Life, have lived in penury since their spouses died, will be included in the scheme?

Yvette Cooper: I can certainly say that that is one of the issues on which we will ask for Sir John's advice about taking disproportionate effect into account. That means looking at what the disproportionate effect is, its impact on family members, and other issues. We will ask Sir John to look at that and advise us on it, and we will deal with it as speedily as possible.

Kelvin Hopkins (Luton, North) (Lab): I must declare a personal interest that has no bearing on my comments.

This is the result of a gross failure of regulation under successive Governments, so there is a case for full compensation for all those who have lost out. I know I am not in a minority in saying so, but it is the case. In future, would it not be sensible, advisable and, indeed, necessary for the Government to declare that when something is regulated, people will be compensated, or to tell them, "You're in the market—you're on your own"? The final alternative is to set up a much larger state savings system in which people are guaranteed returns and have no fear of loss.

Yvette Cooper: My hon. Friend makes an important point. We do not have a system of regulation in this country under which any investment in the markets is guaranteed by the regulator, who would effectively become a guarantor of the system. It would not be fair to the taxpayer to have a system in which every time a company did something dodgy and the regulator failed to prevent them from doing so, the taxpayer had to step in and make good the losses. We recognise the importance of the issue of financial stability when the Government have to act, as well as the fact that, as in this case, there

[Yvette Cooper]

are examples of disproportionate impact as well as maladministration. It is therefore appropriate to act in this case, but it would lead to a fundamentally different relationship between Government and the financial markets and, perhaps more importantly, between the taxpayer and financial markets, if we moved to a system of automatic full compensation whenever there was any kind of problem in the financial markets, including regulatory problems. That is why we have taken a different approach.

Sandra Gidley (Romsey) (LD): Many people will welcome the compensation, but there is still uncertainty, because they will benefit only because of the disproportionate impact and the position of the public finances. What assessment has the Minister made of the proportion of policyholders who are likely to receive compensation?

Yvette Cooper: The hon. Lady makes an important point. We have simply been unable to make that assessment, because we do not know policyholders' circumstances at the moment. We have anecdotal evidence from individual members, but we do not have detailed information, which is why we have asked Equitable to provide us with it. We will work with the judge to answer the legitimate question that the hon. Lady has put to us.

Mark Lazarowicz (Edinburgh, North and Leith) (Lab/Co-op): I can understand why my right hon. Friend is concerned that an interim payments scheme might add further complexity. No one would want that, but surely it cannot be beyond the wit of all the experts involved to come up with some simple interim payments scheme, because people are going to need some form of payment in a reasonably short time. I am sure that the welcome that policyholders will give today's announcement will be qualified by the talk of the months and years that payments might take. Some people need money much more quickly than that, and I strongly urge my right hon. Friend to consider some form of interim payment scheme as part of the package that she is now discussing.

Yvette Cooper: I should like to make it clear to my hon. Friend and to the House that we are prepared to consider an interim payment scheme. We will need to take a range of issues into account, but we are keen to look at all sorts of options. We will do whatever we can to speed up the process, especially for people who need payments to be made as swiftly as possible.

Sir George Young (North-West Hampshire) (Con): But have not the exchanges over the past hour shown that there is widespread anxiety on both sides of the House about the Chief Secretary's proposals? Does that not underline the need for an early and calm debate in Government time on what she has put forward? In the meantime, can she at least say that it is her intention that the first compensation payments will be made in the year 2009?

Yvette Cooper: The right hon. Gentleman has asked for a debate, and I shall pass his request on to the business managers. However, the principle that the regulator should not act as guarantor has been recognised in debates in this House, and it was set out and reinforced in the Financial Services and Markets Act 2000. That legislation continued the financial regulator's long-standing exemption from claims for negligence in the courts. Successive Governments have supported that approach in order to be fair to the taxpayer and to recognise the relationship between Governments and financial markets. I should be very surprised if the Opposition really wanted to end that principle at this stage.

Several hon. Members have asked what the Government think that the timetable will be, but I have to be honest and say that we will ask the judge for advice on the matter. We will complete the process as speedily as possible.

Several hon. Members *rose—*

Mr. Deputy Speaker: Order. I am afraid that we must move on. I apologise and am sympathetic to the hon. Members whom I have not been able to call, but I am sure that this subject will be another to which the House will return properly in the form of a debate raised by one means or another.

Point of Order

2.22 pm

Dr. Julian Lewis (New Forest, East) (Con): On a point of order, Mr. Deputy Speaker. I am sorry to have to return to the subject of the noise from Parliament square's amplified protests, but you will remember Mr. Speaker's statement on the matter on 28 October. He said then that he hoped to be consulted by the Government about hon. Members' concerns about access and especially about abuse from amplified noise in Parliament square.

If, Mr. Deputy Speaker, you were in New Palace yard yesterday evening you could not have failed to notice that the protesters in Parliament square appear to have been given new equipment. It made the noise deafening for people well inside the parliamentary premises, so one can well imagine what it must have been like for the police and security officers near the gates who have to protect the premises.

Westminster council has admitted that its permission to make broadcasts from the square ran out almost a year ago yet, in anticipation of a statement from the Government, it has done nothing about it. Ministers told me in November that such a statement would be made imminently, but do you know whether Mr. Speaker has been consulted or given any indication of when this absurd and abusive state of affairs will be brought to an end?

Mr. Deputy Speaker (Sir Alan Haselhurst): I am indeed sorry that the hon. Member has had need to raise the matter again. I suppose that the short answer to him is that Mr. Speaker is still hoping to get a response from Westminster city council. I can assure him that Mr. Speaker will not let the matter go.

Gaza

2.24 pm

The Minister of State, Foreign and Commonwealth Office (Bill Rammell): I beg to move,

That this House has considered the matter of Gaza.

The situation in Gaza and southern Israel is a grave crisis of enormous concern to every Member of this House. The Government know that hon. Members wanted an opportunity to debate the situation and to question the Government. I am pleased that we have been able to make Government time available during the first week back to enable that to happen. Accordingly, I shall be as brief as I can to allow as many hon. Members as possible to contribute. I ask hon. Members to take account of that need when it comes to making interventions.

The Prime Minister, the Foreign Secretary and I have all come to the House this week to reiterate the Government's determination to achieve an immediate and sustainable ceasefire in Gaza. We have been working intensively since the crisis began to end the violence but, as everyone in the House is all too well aware, the situation is not improving. The Palestinian death toll has passed 1,000—including a chilling 300 children—and dozens more rocket attacks have been fired into Israel in recent days.

The conflict has had a devastating impact on innocent civilians, women and children among them. Gazans have no way of escaping the violence. They are trapped as services collapse still further, as food and medicines dwindle and violence surrounds them. But this did not begin on 27 December. For many months, rockets fired from Gaza have terrorised the citizens of southern Israel, and Gazans have lived under suffocating restrictions that have deprived them of even the basics.

The Gaza ceasefire between June and December 2008 provided only a very limited lull. Over 300 rockets and mortars were fired into Israel. Over 15 Palestinians were killed as a result of Israeli action, and the humanitarian situation in Gaza continued its decline. Few were surprised when that unhappy lull finally cracked, first in November and finally with Hamas declaring it "dead" on 18 December, after which it fired almost 300 rockets in eight days.

Hamas made a brutal choice to step up attacks against innocent civilians. Its whole ethos is one of violence. It has rejected the legitimate Palestinian Authority and ejected that authority by force from Gaza. Nothing, not the restrictions on Gaza nor its frustration with the peace process, justifies what Hamas has done and continues to do. In December, I was in Ashkelon near the Gaza border and I heard the sirens. The fear was palpable: this is daily psychological and actual warfare.

Mr. Andrew Robathan (Blaby) (Con): I am grateful to the Minister for giving way so early in his speech. I understand and appreciate the fear felt by Israelis, but reports that appear to be substantiated suggest that white phosphorus is being used in the very cramped areas of Gaza. I have used white phosphorus: it is legitimate only as a smokescreen, although it is an incendiary. If it hits a person's skin, it will burn until it is wasted out. That appears to be happening and it is, I

[Mr. Andrew Robathan]

fear, totally unacceptable. Will he confirm whether he knows that white phosphorus is being used in civilian areas?

Bill Rammell: I share the view expressed by the hon. Gentleman, and I shall deal with that point explicitly later in my speech.

Mr. Chris Mullin (Sunderland, South) (Lab): My hon. Friend mentioned Hamas a moment ago, but is he aware that the former Foreign Office diplomat, Sir Jeremy Greenstock, takes a quite different view? He has very detailed knowledge of the area, and his characterisation of Hamas is very different from what the Minister has put to us today.

Bill Rammell: I know former ambassador Jeremy Greenstock very well, as does my hon. Friend. I believe that Hamas has a consistent track record of using terror and violence. We should oppose that, but I shall try to give a more balanced picture as I develop my remarks, and to take some other interventions.

It is also true that the Israeli operation has wrought a terrible toll in Gaza. With the conflict continuing and journalists barred from entering, the picture that we have is partial, but the reported death toll has risen past 1,000 dead, including over 300 children. In Gaza, 80 per cent. of the drinking water is not safe for human consumption. Gaza's already crumbling infrastructure has been degraded still further. Those trying to help must run the gauntlet of fighting, or work only during the inadequate three-hour window. Too many are paying with their own lives—13 medical personnel have been killed since 27 December, and attacks on medical personnel and ambulances have hampered organisations' ability to assist the injured.

Ms Karen Buck (Regent's Park and Kensington, North) (Lab): I, too, have been in both Sderot and Gaza and I accept that there are two sides to the story, but they are not equal—100 Palestinian children have died for every Israeli citizen. Will my hon. Friend comment on the legality of the collective punishment of the civilian population of Gaza, which is what we are witnessing?

Bill Rammell *rose*—

Mr. Deputy Speaker (Sir Alan Haselhurst): Order. Before the Minister replies, the House will have noticed that Mr. Speaker has put a time limit on Front-Bench speeches, but under the ruling one minute is added for every intervention. If there are too many interventions, much as the Minister is amenable to taking them, I am afraid that other Members who want to make a contribution later in the debate may be prejudiced by that.

Bill Rammell: That point is well made, Mr. Deputy Speaker.

In answer to my hon. Friend the Member for Regent's Park and Kensington, North (Ms Buck), I should say that I understand the concerns about disproportionality. We have made clear our view that the Israeli reaction is disproportionate. I will come on to address the other points as I make progress.

Mr. David Drew (Stroud) (Lab/Co-op): Before my hon. Friend moves on—

Bill Rammell: No. I shall make progress, if I may. The point about the number of hon. Members wishing to speak is clear.

We recognise Israel's right to self-defence but, as I said, the EU presidency stated on 27 December that the Israelis' use of force is disproportionate. We supported that statement and we continue to support it.

There has also been a real concern about the use of white phosphorous by Israel. The use of white phosphorous is not banned under international law, but we have made it abundantly clear to the Israelis that it should not be used as an anti-personnel weapon, and most certainly not in a civilian environment. Its use in built-up areas such as Gaza is, bluntly, unacceptable.

The shelling this morning in Gaza of the UN compound is indefensible and unacceptable, and Israel has acknowledged that fact.

Derek Wyatt (Sittingbourne and Sheppey) (Lab): Exactly. Is it my hon. Friend's intention to report the Israeli Government to the International Crisis Group or to the war crimes tribunal?

Bill Rammell: If I may make some progress, I shall address that specific point later in my remarks.

Tom Levitt (High Peak) (Lab): Will my hon. Friend give way?

Bill Rammell: Very briefly.

Tom Levitt: Anyone who has visited Gaza knows exactly how dependent ordinary people are on the work of the United Nations Relief and Works Agency. Is not the bombing of the UNRWA compound the height of cynicism in what is already a very cynical military attack?

Bill Rammell: I have made it very clear, and it is the collective view of the Government, that that bombing is indefensible and unacceptable.

As the Foreign Secretary said earlier this week,

> "Hamas has shown itself over a number of years ready to be murderous in word and deed. Its motif is 'resistance' and its method includes terrorism. Israel is, meanwhile, a thriving, democratic state with an independent judiciary. However, one consequence of the distinction between a democratic Government and a terrorist organisation is that democratic Governments are held to significantly higher standards, notably by their own people."—[*Official Report*, 12 January 2009; Vol. 486, c. 23.]

Lyn Brown (West Ham) (Lab): Will my hon. Friend consider economic sanctions? They are an effective tool of non-violent intervention. Surely with the right to trade comes the responsibility to uphold basic humanitarian principles.

Bill Rammell: I respect the passion and conviction of my hon. Friend. She has spoken to me privately about her concerns. I genuinely do not believe that economic sanctions will help us. There is nothing like consensus for them within the European Union, and our overriding focus at present is to get that urgent, immediate and sustainable ceasefire. I do not believe that sanctions would help us to do that.

Mr. Angus MacNeil (Na h-Eileanan an Iar) (SNP): Will the Minister give way?

Bill Rammell: I will make some progress and take some more interventions.

One of my real fears is that current actions risk fuelling extremism in the region and undermining those who argue for negotiation and peace.

Mr. Lee Scott (Ilford, North) (Con): Does the Minister join me in hoping that the peace negotiations currently going on in Egypt, which I am sure everyone in the House prays will bring peace to the region, must include firm commitments that Egypt will police its border to make sure that much-needed humanitarian aid gets in, but that no weapons get in with it.

Bill Rammell: I will take care with what I say on that. The talks that are taking place are critical. We are doing our level best to push those talks forward and I hope that they can reach a conclusion very shortly.

There needs to be a balance in this debate. We should be absolutely clear that Hamas is not a benign organisation. It commits acts of terrorism, it is committed to the obliteration of the state of Israel and its statement last week that it was legitimate to kill Jewish children anywhere in the world was utterly chilling and beyond any kind of civilised, humanitarian norm.

All this has to stop. A ceasefire is an absolute imperative if innocent civilians are to be spared. We have long called for an end to the rocket attacks on Israeli civilians and for greater access to Gaza. And since the Israeli operation began, we have consistently called for an immediate and sustainable halt to the violence, and we have been at the forefront of those arguing for this to stop.

Mr. Jim Cunningham (Coventry, South) (Lab): How near are we to a permanent ceasefire as a result of the current discussions in Egypt? What Israel is doing in Gaza at the moment is totally unacceptable.

Bill Rammell: It is unacceptable on all sides. In the midst of this, and given the incredibly detailed and sensitive negotiations that are going on, it would be foolhardy of me to pluck a prediction out of the air. What I can promise my hon. Friend is that the Government, through the Prime Minister, the Foreign Secretary, me and others, are doing everything they can to bring forward the ceasefire.

Mr. MacNeil: Sadly, Israel's behaviour at the moment makes it look like a rogue state to those of us who have not been involved with the situation. I am hearing the Government's words of condemnation, but what will they do to make Israel understand that its behaviour is beyond the pale for a democracy?

Bill Rammell: We have communicated that directly to the Israeli Government both privately and publicly in respect of the use of white phosphorous. On the other issues that the hon. Gentleman raised, I should say, as I have said a number of times, that I will come on to address them directly.

Several hon. Members *rose—*

Bill Rammell: I shall make some progress, then take a further intervention.

On 27 December, with our support, the UN Security Council called for an immediate halt to the fighting. Since then, the Prime Minister and Foreign Secretary have been working intensively with their international counterparts to deliver such a ceasefire. In a meeting with EU Ministers on 30 December and at the UN Security Council on 8 January, the Foreign Secretary secured international consensus around that call. I am proud that our Government led the way in securing last week's Security Council statement urging a ceasefire. The British-drafted Security Council resolution 1860 shows real agreement on a clear set of objectives: first, an immediate, durable and fully respected ceasefire; secondly, meeting the humanitarian needs of the Palestinian people in Gaza; and, thirdly, meeting Israelis' security needs, which must be tackled through new measures on illegal arms trafficking.

Fiona Mactaggart (Slough) (Lab): When that resolution was being negotiated, I was meeting some 30 constituents in Slough. The carnage wreaked by Israel in Gaza has created a sense of alienation among them, because they believe that our Government are not delivering peace and security for the people of Palestine. They believe that we ought to be able to do that and feel let down by the Government, because there has been so little effect.

Bill Rammell: I say in all sincerity to my hon. Friend that I understand that concern. In the past two weeks, I have talked with numerous groups in detail about the issues. I cannot give a guarantee; the British Government do not have the capacity to mandate a ceasefire. We are doing our level best in the circumstances. We were at the forefront of those calling immediately for a ceasefire. We led the way at the United Nations to secure resolution 1860. Whatever people feel and whatever criticisms they may have made in the past—about what happened in Lebanon in 2006, for example—that is not where we are today, and that is not what the British Government are doing.

Sarah Teather (Brent, East) (LD): Will the Government take a lead on a further UN resolution? The Minister has called the attacks with white phosphorous unacceptable, but he will be aware that Israel has not ratified the treaty setting up the International Criminal Court. The only way for the court to have jurisdiction to investigate the matter is if the UN refers it via another resolution. Will the Government take a lead on that issue and ask the UN to do that?

Bill Rammell: We have consistently argued that all states should accede to the International Criminal Court, and we will continue to make that call.

Several hon. Members *rose—*

Bill Rammell: I shall make some progress and then take a couple more interventions, but I am very conscious of the time scale this afternoon.

The final objective is that we must re-energise the peace process. The crisis is an indictment of the international community's collective failure—over years and decades, not just months—to bring about the two-state solution and create a positive vision for the future. The Foreign Secretary has set out our vision for a more comprehensive approach bringing peace between Israel and the whole Arab world. The crisis has deepened popular scepticism about such a peace and further entrenched the division in Palestinian politics, with real economic progress on the Palestinian Authority-controlled west bank while Gazans suffer ever more. We do not underestimate the challenge, but we must ensure that we work to resolve the real issues at stake, or we will simply stumble on to the next crisis.

Mrs. Louise Ellman (Liverpool, Riverside) (Lab/Co-op): Will my hon. Friend accept that Israel is correct in trying to stop its citizens being the target of Iranian rockets—that it is right to take that action? Will he also accept that the Israeli action will stop when the rockets stop?

Bill Rammell: Let me say to my hon. Friend that I understand that concern. Israel does have a right to self-defence. I was in Ashkelon, and I have experienced the psychological and military aspects of the terror on Israel—but the Israeli action has been disproportionate. On both sides, we need to get to that ceasefire as quickly as we possibly can.

Several hon. Members *rose—*

Bill Rammell: With respect, I want to proceed with my speech, and then I will take one more intervention.

It is now a week since the Security Council passed resolution 1860, but the violence goes on. Every day that it does, more people suffer. Egypt, which brokered the previous lull, is now leading efforts to broker a more sustainable ceasefire. The issues are complex. We all wish that these talks would move faster, and we are doing everything we can to bring that about. The European Union is ready to send its border mission back to the Rafah crossing or to expand its mandate. We are pressing hard for action and ready to assist in making a ceasefire sustainable.

Very serious allegations have been made against both sides. We take those allegations very seriously indeed, and they have to be fully investigated. The reality is that the allegations cannot be properly investigated while the violence continues. The Israeli authorities have said that they are already investigating specific incidents raised by the aid agencies. The United Nations human rights bodies also have a mandate to report on any such violations. As soon as there is a ceasefire and proper access to Gaza, thorough investigations must—I repeat, must—begin in earnest. We will consider very carefully the results of investigations once they are available, and at that stage the parties and the international community will need to decide on further action.

Simon Hughes (North Southwark and Bermondsey) (LD): All of us who have been to Israel and Palestine know the yearning and the need for peace, but many of us have been here and heard talk of Quartets, route maps, Annapolis and all these things, and they have not delivered. Can the Minister take the message that once we have a new President of the United States there will need to be more serious commitment by our Government and by other Governments, with the new Government of Israel after the elections, to make sure that there is progress—not just talk of a future that is peaceful but actual pressure so that there can be no option but a peace settlement in the foreseeable future?

Bill Rammell: I share the view that part of the reason we are where we are today is a collective failure on the part of the international community, not just over months, but over years and decades. With a new Government in Israel, with a new President in the United States, and with our commitment as a Government, we have to re-inject urgency into this middle east peace process.

In recent debates in this House, some have suggested that by sanctions or embargoes we could accelerate the process. I do not believe that that is the case. We have made it clear that we agree with the EU presidency that the Israeli action is disproportionate, and we have been clear in our calls for a ceasefire, but there are real issues at stake that need to be tackled. They undermined the ceasefire last year, and they will undermine a future deal if they are not tackled. The answer to this crisis lies in bringing people with us. Sanctions and embargoes on Israel will not make Israeli citizens safer, nor will they re-establish normal life in Gaza. We already have a very vigorous and rigorous arms export regime, and we already speak very frankly to those at the heart of the conflict. The genuine way forward is to work with those committed to peaceful progress towards a two-state solution, and with them immediately to find practical ways to end the violence, stop arms smuggling and open the crossing—and, in the longer term, to work with them to strengthen the political process and create real hope that justice for Palestinians and security for Israelis is possible. That is what is so desperately needed.

2.44 pm

Mr. David Lidington (Aylesbury) (Con): Anyone who has followed the crisis in Gaza over the past few weeks will have been confronted by a spectacle of horror and of the most appalling human suffering. Even before the outbreak of this war, the people of Gaza had to bear the impact of economic isolation over many months. Food, fuel, clean water and medical supplies were already subject to severe shortages and frequent interruptions. Now those people, including many who want no part in violence, and did not vote for Hamas, are caught in the crossfire and fear for the lives and safety of themselves and their families.

As the Minister said, anyone crossing the border and going to Sderot, where I was some months ago, will experience the anger and terror of Israeli civilians and understand why there is overwhelming pressure on the Israeli Government, from their own citizens, in support of the current military action. Anyone wanting to bring about an immediate end to the fighting must take on board the fact that opinion surveys are showing that more than 90 per cent. of the Israeli public remain in support of the action that their Government are taking.

Paul Rowen (Rochdale) (LD): Will the hon. Gentleman give way?

Mr. Lidington: I shall give way to the hon. Gentleman, but although I am normally willing to take many interventions, like the Minister, I shall be parsimonious because to do otherwise would be unfair to other Members who wish to speak.

Paul Rowen: I am grateful to the hon. Gentleman, and I shall be quick. Does he not agree that notwithstanding his comments, the Israeli Government's response has been totally disproportionate?

Mr. Lidington: The key point to make is that we need an immediate end to both Israeli military action and rocket attacks on Israel. I would make it clear to the hon. Gentleman that the Opposition condemn the disproportionate use of force, and particularly the targeting of civilians. We regard the attack today on the United Nations headquarters in Gaza as wholly unacceptable, and it is welcome that the Israeli authorities have swiftly recognised the folly of that step. I hope that it will not be long before a ceasefire can be reached.

Michael Fabricant (Lichfield) (Con): Will my hon. Friend also condemn Hamas's disgraceful habit and tactic of planting its rockets in civilian areas, storing them in hospitals and blocks of flats and putting civilians at risk? Secondary and tertiary explosions occur, causing collateral damage.

Mr. Lidington: The actions of Hamas in the current conflict and in the past have demonstrated that it is an organisation that is prepared to use violence in the most ruthless fashion against not only Israelis, whether military or civilian, but the Palestinian people themselves. We have to understand the sort of organisation that it is and the events that took place when it staged its coup d'état in the Gaza strip a couple of years ago.

The trouble is that the longer the violence continues, the greater the anger and the deeper the bitterness on both sides of the conflict and throughout the region. It is in the strategic interests of both Israel and those Palestinians who genuinely want their own sovereign state, rather than to engage in a never-ending campaign of violence, to see the war brought to an end as swiftly as possible. The truth is that more Israelis today are now asking whether the experience of Gaza shows that the very idea of swapping land for peace is fool's gold, and more Palestinians are questioning whether Israel will ever permit a truly independent Palestinian state to come into existence.

Mr. James Clappison (Hertsmere) (Con): My hon. Friend makes a powerful point, because at some time in future, there must be a settlement on the west bank, and Palestinians' legitimate aspirations must be addressed. However, the Israeli evacuation from Gaza and the removal of settlements was followed by Hamas causing or permitting an ever-increasing number of rockets to be fired over a wider and wider area of Israel. That does nothing to advance the cause.

Mr. Lidington: My hon. Friend explains the reason for the genuine resentment and anger—even among Israeli parties and citizens who have been committed to a peaceful settlement with the Palestinians for many years—about what happened after the disengagement from Gaza. However, it is essential not only to get a settlement in the west bank, as he said, but to ensure that the Palestinian state includes Gaza.

There will be enormous risks for Israel if the violence persists. The longer the fighting continues, the more Hamas can claim victory simply by surviving. The temptation for Israel to press on until, as some say, Hamas is deposed, carries even greater risk. If Hamas is removed from power, who will govern Gaza in its place? How will that happen? The prospect of Somalia in Gaza is even worse than the position in recent months.

Israel needs to be aware of the risk of violence spreading to her other borders. The position on the Israeli border with Lebanon is already fragile, and there have even been incidents across the Israeli-Jordanian border in the past week. There is also a risk for Israel that continuing violence in Gaza will undermine the entire middle east peace process, on which hopes for Israel's long-term security must rest.

Martin Linton (Battersea) (Lab): Would not it have helped if the evacuation of 8,000 settlers from Gaza had not been followed by an increase of 12,000 settlers in the west bank, many of them the same settlers who were moved from Gaza? Is not that the reason for the Palestinians remaining suspicious of the peace process?

Mr. Lidington: I have said in other debates in this place, and I am happy to repeat it, that I believe that the Israeli Government should have made concessions on the illegal settlements much earlier and that their failure to do that, even after the Annapolis conference, is one reason for even the most moderate Palestinian leaders, such as President Abbas and Prime Minister Fayyad, feeling that their position has been undermined. However, instead of arguing about the events of the past and trying to attribute blame, we should argue today for the immediate cessation of violence and then for energetic diplomatic and political activity towards the comprehensive peace that the region needs.

Mr. Tobias Ellwood (Bournemouth, East) (Con): My hon. Friend talks about looking to the future, and we are certainly going through a bleak period of middle east history. However, should not we also try to ensure that the Qassam and Katyusha missiles that are manufactured in Iran and end up in the hands of Hezbollah and Hamas are prevented from coming into Gaza and Israel?

Mr. Lidington: My hon. Friend is right. It is not possible to separate the different parts of the middle east dispute from one another. Any permanent settlement to the Israel-Palestine question must somehow involve addressing the role that Iran plays in regional politics.

Sir Alan Beith (Berwick-upon-Tweed) (LD): The hon. Gentleman is making a thoughtful speech. Is it not worrying that the possibility that is emerging in Cairo of some serious discussion between Hamas and the other partners has been created by Israeli violent attack, and that that is a mark of the international community's failure to get Hamas talking, unwelcome and difficult though that process is, until now? It should not be only violence that can achieve that.

Mr. Lidington: The right hon. Gentleman is right that it should not only be violence that achieves that, but many countries and individual envoys have been able to talk to Hamas in recent years. The essential problem has been the refusal of Hamas to accept those Quartet conditions and to recognise that the way forward is through the renunciation of violence and a wholehearted commitment to achieving Palestinian national aspirations through politics and negotiation, rather than through the bomb and the bullet.

Mrs. Ellman: Will the hon. Gentleman give way?

Mr. Lidington: The hon. Lady must forgive me.

We need an immediate cessation of violence, the implementation of that ceasefire by both sides and immediate access to Gaza to be given to the emergency relief that is now desperately needed. There must follow, as quickly as possible after that cessation of violence, the complete withdrawal of Israeli troops from Gaza, monitoring arrangements to ensure that rocket attacks cannot be resumed and agreement on measures to allow the reopening of border crossings, so that reconstruction work and normal economic life can start to be renewed. That agreement on the crossings will once again have to include measures to stop the use of tunnels to smuggle arms and explosives into Gaza.

Clare Short (Birmingham, Ladywood) (Ind Lab): Will the hon. Gentleman give way?

Mr. Lidington: No, I am not going to give way.

The Minister in his comments today and the Foreign Secretary earlier this week talked about the welcome commitment on aid that the Government are giving to the people of Gaza. I would be grateful if the Minister replying to this debate could say something about the Government's estimate of whether the attack on the UN headquarters today is likely to cause serious disruption to the distribution of essential United Nations aid. I would also be grateful if they can say what help the Government are now providing, either bilaterally or through multilateral institutions, to offer immediate relief to suffering civilians and how far the Government's plans have now advanced to contribute to the large-scale relief work and longer-term reconstruction work that will be essential if, once a ceasefire is achieved, we can start to recreate anything resembling a normal life and hopes for a better future for the people of the Gaza strip.

But we need not just to provide practical, material relief. The history of Gaza shows us that a truce is inherently unstable. The weaknesses in the old ceasefire arrangements, which collapsed three weeks ago, were analysed well by the International Crisis Group. The ICG pointed out that the ceasefire was unwritten, that it was negotiated via a third party and that the interpretations of its terms, by Hamas on the one hand and Israel on the other, differed substantially. Hamas believed that it had achieved a six-month period providing phased access to and for Gaza, whereas Israel viewed the agreement on a ceasefire as open-ended, with a modulated opening of the crossings, depending on the degree of calm in the south and progress towards the release of Gilad Shalit. The incompatibility of those differing interpretations of a ceasefire agreement that was never written down is an important part of the explanation of why it collapsed when it did.

It is dangerous to think that if we can get a new ceasefire in place, the international community can then sit back and take its time before making moves to rekindle the broader peace process. As the right hon. Member for Berwick-upon-Tweed (Sir Alan Beith) and others have said, what we have seen in recent years and even decades is a failure of political energy and political will by the entire international community.

Efforts to seek a comprehensive peace settlement should be a priority for the new United States Administration and for the European Union. I do not pretend for a moment that that will be an easy and straightforward task. I spent most of last week in Syria and Lebanon, and I saw how the Arab media are using images of death and mutilation in Gaza that are far more vivid than anything published or broadcast here. I got a sense of the rage being felt by Governments and ordinary citizens in those countries, and we have to remember that in virtually every Arab country 60 per cent. of the population is under 30. Moderate Arab leaders are fearful of the impact of Gaza on opinion in their countries, and even states such as Turkey and Malaysia have denounced Israel's action in the most strident language.

Yet the signs are not altogether those of pessimism. The Syrian leaders to whom I spoke told me that they certainly could not talk to Israel now, but that they would be willing to return to talks about Golan in the future, after a ceasefire in Gaza had been re-established. We all know the political objective: an Israel living safely behind internationally recognised borders and alongside a Palestinian state that is sovereign, and economically and politically viable. That has to be coupled with Israel's right to live in peace and security, recognised by all of her neighbours. In essence, we need to ally the Oslo-Annapolis process to the regional settlement proposed in the Arab peace initiative, which involves tackling some difficult issues that are worthy of another day's debate in themselves. The process has to address the issue of Hamas and the rejectionist Palestinians. We have heard frequent statements from Hamas, Islamic Jihad and others calling for an end to the state of Israel, saying that there can never be any compromise and using language that, at times, moves from being anti-Israeli to being forthrightly anti-Semitic. At the same time, we have to acknowledge that those organisations enjoy a measure of genuine electoral support in the Palestinian territories. Are those organisations prepared to commit themselves genuinely to a political process whose objective would be a two-state solution and the recognition of Israel?

The role of Iran was pointed out by my hon. Friend the Member for Bournemouth, East (Mr. Ellwood). Iran, with her population, natural resources and the entrepreneurial traditions of her people, could be a key economic and political force for good in the region, but at the moment Iranian policy far too often exercises a malign influence on the search for peace and stability. Iran has got to choose what type of influence she wishes to exert. Does she want a durable peace in the region and the recognition of her role as a significant player in regional affairs, or does she seek the path of confrontation? I have believed for a long time that the policy of seeking to isolate Iran—refusing to engage with her—was a mistake. I welcome the fact that the new US Administration are committed to a policy of engagement, and I hope that they will test to the full the readiness of the regime in Iran to work for peace, rather than for instability and confrontation.

To conclude, the interests of the United Kingdom lie not only in a ceasefire, and not only—vital though it is—in bringing an end to the suffering of 1.5 million people, but in an enduring peace that will at last give to all the countries of the middle east the assurance of security and the chance for their people to prosper.

Several hon. Members *rose*—

Madam Deputy Speaker (Sylvia Heal): Order. I remind all right hon. and hon. Members that Mr. Speaker has imposed a six-minute limit on Back-Bench contributions.

3.5 pm

Sir Gerald Kaufman (Manchester, Gorton) (Lab): I was brought up as an orthodox Jew and a Zionist. On a shelf in our kitchen, there was a tin box for the Jewish National Fund, into which we put coins to help the pioneers building a Jewish presence in Palestine.

I first went to Israel in 1961 and I have been there since more times than I can count. I had family in Israel and have friends in Israel. One of them fought in the wars of 1956, 1967 and 1973 and was wounded in two of them. The tie clip that I am wearing is made from a campaign decoration awarded to him, which he presented to me.

I have known most of the Prime Ministers of Israel, starting with the founding Prime Minister David Ben-Gurion. Golda Meir was my friend, as was Yigal Allon, Deputy Prime Minister, who, as a general, won the Negev for Israel in the 1948 war of independence.

My parents came to Britain as refugees from Poland. Most of their families were subsequently murdered by the Nazis in the holocaust. My grandmother was ill in bed when the Nazis came to her home town of Staszow. A German soldier shot her dead in her bed.

My grandmother did not die to provide cover for Israeli soldiers murdering Palestinian grandmothers in Gaza. The current Israeli Government ruthlessly and cynically exploit the continuing guilt among gentiles over the slaughter of Jews in the holocaust as justification for their murder of Palestinians. The implication is that Jewish lives are precious, but the lives of Palestinians do not count.

On Sky News a few days ago, the spokeswoman for the Israeli army, Major Leibovich, was asked about the Israeli killing of, at that time, 800 Palestinians—the total is now 1,000. She replied instantly that

> "500 of them were militants."

That was the reply of a Nazi. I suppose that the Jews fighting for their lives in the Warsaw ghetto could have been dismissed as militants.

The Israeli Foreign Minister Tzipi Livni asserts that her Government will have no dealings with Hamas, because they are terrorists. Tzipi Livni's father was Eitan Livni, chief operations officer of the terrorist Irgun Zvai Leumi, who organised the blowing-up of the King David hotel in Jerusalem, in which 91 victims were killed, including four Jews.

Israel was born out of Jewish terrorism. Jewish terrorists hanged two British sergeants and booby-trapped their corpses. Irgun, together with the terrorist Stern gang, massacred 254 Palestinians in 1948 in the village of Deir Yassin. Today, the current Israeli Government indicate that they would be willing, in circumstances acceptable to them, to negotiate with the Palestinian President Abbas of Fatah. It is too late for that. They could have negotiated with Fatah's previous leader, Yasser Arafat, who was a friend of mine. Instead, they besieged him in a bunker in Ramallah, where I visited him. Because of the failings of Fatah since Arafat's death, Hamas won the Palestinian election in 2006. Hamas is a deeply nasty organisation, but it was democratically elected, and it is the only game in town. The boycotting of Hamas, including by our Government, has been a culpable error, from which dreadful consequences have followed.

The great Israeli Foreign Minister Abba Eban, with whom I campaigned for peace on many platforms, said:

> "You make peace by talking to your enemies."

However many Palestinians the Israelis murder in Gaza, they cannot solve this existential problem by military means. Whenever and however the fighting ends, there will still be 1.5 million Palestinians in Gaza and 2.5 million more on the west bank. They are treated like dirt by the Israelis, with hundreds of road blocks and with the ghastly denizens of the illegal Jewish settlements harassing them as well. The time will come, not so long from now, when they will outnumber the Jewish population in Israel.

It is time for our Government to make clear to the Israeli Government that their conduct and policies are unacceptable, and to impose a total arms ban on Israel. It is time for peace, but real peace, not the solution by conquest which is the Israelis' real goal but which it is impossible for them to achieve. They are not simply war criminals; they are fools.

3.10 pm

Mr. Edward Davey (Kingston and Surbiton) (LD): The right hon. Member for Manchester, Gorton (Sir Gerald Kaufman) has made a powerful speech containing a great deal of knowledge and feeling. While I may not choose all the words that he chose, I entirely share many of his sentiments, and particularly agree with his point about the arms embargo. All the Liberal Democrats agree with him on that point of substance.

I also agree, however, with much of what the Minister said. I thought that he had the balance right in some of his criticisms of Hamas, which were very valid and must be made—were, indeed, made by the right hon. Member for Manchester, Gorton. He was right not to shirk from using the word "disproportionate" to describe the Israeli action. But I urge the Government, in their discussions with the Israeli Government, to make clear that we in the House of Commons consider the Israeli action to be a disaster for Israel. It may achieve some tactical victories in destroying Hamas infrastructure, it may succeed in killing Hamas fighters and it may even reduce the frequency of some of the rocket attacks, but I believe that this is already a strategic defeat for Israel. I believe that we are seeing Hamas strengthened, not just in Gaza but on the west bank and elsewhere. I think we are seeing serious international damage done to the reputation of Israel. I really am very sorry about that, and hope that Israel will begin to realise that it is happening.

[Mr. Edward Davey]

When I visited Israel and the west bank last November and talked to people at the Ministry of Foreign Affairs and to Dr. Fayyad of the Palestinian Authority, there was a feeling that Hamas was beginning to lose the PR war and the support of many Palestinians, and was becoming isolated internationally. It was not being seen as delivering, and even on the streets it was being opposed by increasing numbers of Palestinians. The effect of the Israeli action has been to reverse that in just a few days.

The Israelis ought to know better. Hamas is an organisation that enjoys martyrdom, and seeks it for many of its activists. Unfortunately it is strengthened by that, despite all the efforts of the Israelis to put their side of the argument—and there is a side. We all know of the horrendous nature of the rocket attacks on Ashkelon and Sderot, for instance. We know about the civilian casualties—about the 311 children killed, the 76 women killed, the 1,459 children wounded. Numbers like that are unacceptable, and we should say loud and clear to the Israelis that this does their case no good whatsoever.

There is suffering on a scale that I do not think we have seen in recent times. There is a humanitarian catastrophe, with a lack of food, clean water, electricity and medicine. Blockades are preventing people who are wounded from seeking treatment. There is trauma for children and families. This is something that we cannot sit back and allow, and our voice should be loud against it.

Richard Younger-Ross (Teignbridge) (LD): My hon. Friend has made the point that the Israelis are not learning lessons, and that their actions strengthen not just their enemies but their enemies who are extremists. The invasion of Lebanon led to a strengthening of Hezbollah, and not just in Lebanon: Hezbollah posters were seen in Ramallah for the first time. Is that not a lesson that the Israelis need to learn?

Mr. Davey: I fear that my hon. Friend is right. According to the assessments that I have seen of what has happened to Hezbollah's strength in Lebanon, it has already been politically strengthened and is now being militarily strengthened. It is rebuilding its arsenals, which is completely contrary to the intentions of the Israeli attack. I am not sure if there are direct parallels with the attack on Hamas in Gaza, but I think that, certainly in terms of the politics of the situation, the Israeli invasion is very counter-productive.

Dr. Julian Lewis (New Forest, East) (Con): The hon. Gentleman is making a very sensible argument about how terrorist organisations—and in the case of Gaza, a terrorist regime—deliberately try to provoke overreaction from their enemies, but I think he should pay more attention to the following aspect of the Israelis' point of view. I doubt if they ever thought they were going to win a propaganda war in the current situation, but let us consider it in relation to the invasion of Lebanon. That met with a similar degree of opposition worldwide, but is it not the case that there was an element of delayed deterrence in that the rocket attacks from that part of Israel's neighbourhood have almost died away completely? Should we not recognise that if the primary purpose of the current Israeli action is to stop the rockets, they may be making the calculation that it is worth losing a propaganda war in order to achieve that?

Mr. Davey: The hon. Gentleman studies these issues in great detail and has a great deal of knowledge and understanding of them, but I fear that the reduction in the number of rocket strikes from southern Lebanon—indeed, there has been a period of calm there—is not necessarily because Hezbollah cannot fire the rockets, but because it is choosing not to do so and is biding its time. Therefore, I do not think the case the hon. Gentleman makes is necessarily backed up by the fact that rockets have not been fired.

I do not think Israel has a real solution to the endgame in Gaza. What is the objective? We hear three different options from Israeli commentators and politicians. The first—and perhaps the most realistic—option is that they want to teach Hamas a lesson, get some good ceasefire terms and get the rockets stopped. To a certain extent, that would seem to be a reasonable objective, but the problem is that Hamas would claim a victory in those circumstances; it would be strengthened, and it would, therefore, get more legitimacy as a result of this escapade than it ever had before. This action is very counter-productive, and there is a danger that even if Israel gets that outcome, with some messy ceasefire terms, the legitimacy and strength of the Palestinian Authority of President Abbas will be seriously undermined, and the Israelis may find that they end up having to talk to Hamas, which is something they have refused to do for many years.

Some Israeli politicians put forward a second objective: that they want to destroy Hamas, to replace it in Gaza with Fatah, and to have the peace talks only with Fatah. While people might think that is a desirable objective in many respects, it is so unlikely as to be ridiculous. The idea that a movement such as Hamas can be defeated in a military sense is nonsense. Hamas does not just exist in Gaza; it exists in people's minds—it exists in the west bank. Therefore, that is a ludicrous objective—although we do hear it being put forward.

I also think Fatah is too weak to take control in Gaza if Hamas were defeated. That is partly because of some of Hamas's appalling activities in executing Fatah activists, but it is also because Fatah lost the political support of many people in Gaza. I fear that if the Israelis defeat Hamas, rather than it being replaced by Fatah, there would be something far worse: there would be the danger of some al-Qaeda-type offshoot taking its place. That would set back the cause of peace many years.

A third, and possibly even more ludicrous, option is being touted around by some commentators: that Israel could force Egypt to take responsibility for Gaza. That is madness, but it is being advocated. President Mubarak simply would not agree to that. One problem is that this action is undermining him; it is playing into the hands of the Muslim Brotherhood. What does Israel want? Does it want a radical Islamic Government in Cairo? How damaging would that be to Israel's security? But if it continues along this path, that is what will happen. It has simply not thought this attack through.

Mr. Andrew Pelling (Croydon, Central) (Ind): In terms of dealing with the unintended consequences, is there not also a danger of spreading the loss of political security, even for us in this country? Are we being asked to underwrite the risks that our constituents now face as a result of this irresponsible behaviour by Israel in Gaza?

Mr. Davey: The hon. Gentleman makes a fair point, and I shall come on to that later. I just want to deal with one other explanation for this particular conflict that one hears from some Israelis. Some people argue that because Iran is getting closer to obtaining nuclear weapons and because, in its appalling way, it funds and supports Hamas, nuclear weapons would get into Gaza and Iran would use it as a launching pad. I have heard that argument advocated by, among others, Binyamin Netanyahu. There is no doubt that Iran is a serious threat—I understand how and why such people see Iran as an existential threat—but linking Iranian nuclear weapons and this attack on Gaza is a theory that is not backed up by any evidence or, crucially, by any logic.

First, it is not clear that Iran would need Hamas to launch a nuclear attack if it were minded to do so; unfortunately, Iran has far too many other options. Secondly, exploding a nuclear device anywhere in Israel would not be a particularly clever act for people who care about Palestinians to carry out. This is a small territory, so it is beyond me why Hamas, which is fighting for Palestinians, would want to kill Palestinians and see the fallout spilling out all over Gaza and the west bank. We have to say to the Israelis, who are making this bizarre argument, that it does not justify their actions, because it does not stand up to any analysis.

Clare Short: A number of hon. Members have said that Iran is funding and arming Hamas. Could anyone explain how Iran gets the primitive explosives into Egypt, up to Rafah and through the tunnels in order to make these primitive rockets? How do such weapons possibly come from Iran? This is just a scare story, for which there is absolutely no evidence.

Mr. Davey: I do not agree with the right hon. Lady. Some of the rockets being used by Hamas, such as the Katyusha and Qassam rockets, are primitive and appear to be made within Gaza. However, some of the Grad rockets and others that have been used genuinely appear to have come from Iran.

Sir Alan Beith: My hon. Friend is making a powerful case about the dangers to Israel in the current strategy, but I think that he is looking too hard for explanations. Most ordinary Israelis want somebody to do something to stop the rockets, and they have been told by their leaders that not only is this action more likely to reduce the amount of rockets, but Hamas is much more likely to seek some kind of peace settlement if the military action continues. Unless the international community offers Israel a better option, many Israelis will continue to believe that.

Mr. Davey: I certainly agree that the international community needs to offer a better peace settlement, but the Israeli people are being told these things by Israeli politicians—I am not making them up—who are seeking election next month, and they are confusing the argument. We need to enter that democratic debate to tell the Israelis, "These are not excuses. They are not justifications. They are completely wrong."

Mrs. Ellman: Is the hon. Gentleman concerned that two months ago President Ahmadinejad told Hamas that Iran would continue to support it until Israel was obliterated?

Mr. Davey: Of course one is very concerned about many of the statements that President Ahmadinejad has made over the years, but I do not think that is relevant to this particular battle and the way in which Israel is going about it.

I believe that friends of Israel—people who believe in Israel's right to exist and want to support Israel—have to be very frank with her at these times, because she is making such an historic mistake. In doing that, we must put strong pressure on Israel, as well as on Hamas, to stop its actions. Israel needs to know that it is not just dealing with words; we will take actions and there are consequences to what she is doing.

Paul Rowen *rose—*

Mr. Davey: No, I will not give way for a while.

Israel needs to be reassured that we are with her against the Hamas rockets, but she needs to know that we will not stand by and see her jeopardise her own long-term future. We need to put pressure on Israel for another reason: the rest of the world needs to know that we mean it. The truth is that this action is radicalising, and will radicalise, people across the world. They are being radicalised not just against Israel, but against the west. They are blaming us too, as happened with the disastrous war in Iraq. For our security and global security, we need to use foreign policy to prevent a further spurt in the growth of extremism throughout the world.

What should that pressure be? We started with a resolution from the United Nations Security Council. We strongly welcome that, and the Government's role in securing resolution 1860. We wish that it had come sooner, and we wish that there had been no United States abstention, but it is clearly a step in the right direction. However, we need to go further, and Liberal Democrats have argued almost from the beginning of the conflict that there are two measures that the Government should take. The first is suspension of the new upgraded EU-Israel co-operation agreement, and I was pleased that the European Union agreed to that yesterday afternoon. Interestingly, when my right hon. Friend the Member for Sheffield, Hallam (Mr. Clegg) first proposed that on 30 December, the Foreign Secretary said that he was naïve. It now seems that he was not so much naïve as right. The Government and the EU should lead public opinion, but their decision eventually to suspend that new agreement suggests that they are following public opinion, so the measure is not as powerful as it should be.

Our second proposal for action is an arms embargo. It is inconceivable for Britain to send arms to Israel now. How can we condemn its action as disproportionate, as the Government have done, when we are willing to send arms? That is ludicrous. Even if the Government reject that embargo proposal, as it appears they will, the House needs to be assured that arms control policy on Israel is being strictly enforced.

Mr. Marsha Singh (Bradford, West) (Lab): Will the hon. Gentleman give way?

Mr. Davey: No, I will not give way.

On Monday, the Minister gave me some reassurance, but we need to hear more about how we are monitoring the use of British arms that are sold to Israel and how the inspection process works. The Minster should give more detail. Will he also tell us how we can be assured that arms that we sell to other countries—whether the United States or elsewhere—do not end up in Israel's hands? We sell components for F-16s to the United States, which we know it has sold to Israel. There are concerns, and I hope that the Minister will reassure me.

Paul Rowen: Does my hon. Friend agree that a third area in which the UK should take a lead is in ensuring that the Security Council refers the atrocities on both sides—by Hamas and by Israel—for proper investigation as war crimes, because they are unacceptable? I agree that Britain should lead public opinion and not follow it. It is clearly unacceptable that more than 1,000 people have been killed—the UN headquarters in Gaza was bombed today—and nothing is being done about it.

Mr. Davey: I completely agree with my hon. Friend, although I would not necessarily use all his words. However, we need an investigation. I wrote to the Foreign Secretary early this week, following his statement on Monday that the Government support an investigation as soon as possible. I am grateful for the Minister's elaboration on that, but I urge him or his colleague, when responding to the debate, to say a little more. He rightly said that the investigation would have to wait until there is a ceasefire, but who does he envisage carrying out the investigation, and under what remit?

Dr. Andrew Murrison (Westbury) (Con): Will the hon. Gentleman give way?

Mr. Davey: I shall give way, but this is the last time.

Dr. Murrison: I am sure that most hon. Members agree that Israel has a right to defend itself against almost uniformly hostile neighbours, and that we must view arms exports in that light, but does he agree that a litmus test might be the veracity of the story from Israel that white phosphorus has not been used as a munition? That is the Israeli army's line, and if it is true we might take one view, but if it turns out to be false, as the UN is saying, we might have to take an entirely different view.

Mr. Davey: Our position on an arms embargo is not related to the use of white phosphorus, but to the need to get a ceasefire and to put pressure on Israel to move towards that ceasefire. The use of white phosphorus should be the subject of an investigation, because, as the hon. Gentleman is aware, white phosphorus can be used in a way that is against international law, particularly if it is used against civilians, and that would have to be investigated.

We also need to be putting pressure on Hamas. We should use our contacts, particularly in Damascus, to urge Hamas to come to the negotiating table and to push for a ceasefire. Hamas needs to know that unless it makes it clear that it will end violence, it will not get the legitimacy that it seeks in the eyes of the outside world.

If we use the tools of diplomacy to put pressure on Israel and Hamas we can bring about a ceasefire more quickly. I know that an awful lot of democratic action from our Government and others is under way and we hope that that will be successful as soon as possible. Many of us suspect that there will miraculously be a ceasefire in the run-up to next Tuesday and the inauguration of the next President of the United States. That is perhaps a happy timing, but it might also explain why Israel took this action at this time. Let us hope that we can bring about the ceasefire before next Tuesday, because with every hour and every day more people are dying, more children are dying and more people are suffering.

After the ceasefire, we need to redouble our efforts for a permanent peace settlement. The Minister was quite right to say that this is not just about the last few weeks, but is about months, years and decades. When I was in Israel and Palestine last November, I spoke to Dr. Fayyad, the Prime Minister of the Palestinian Authority, who is central to the peace negotiations on the Palestinian Authority's side, and to Dr. Tal Becker, the policy adviser to Tzipi Livni, who was in the room during the negotiations with the Palestinian Authority and was in the room during the Camp David negotiations. The message I got from both sides was that they were making real progress with the negotiations. Some of the substantive detail was being taken forward. They were both saying the same thing to me, even though they were not in the same room at the same time, which I took as rather a good sign.

There are some substantive positive developments, but they are not well known, because the parameters within which the negotiations are being undertaken means that nothing is agreed until everything is agreed. That means that press releases about the progress that has been made cannot be issued. I was convinced by both sides, however, that there has been progress. However, the problem is that behind the secret progress the Palestinian Authority of President Abbas has not been able to show progress on the west bank to the wider international community or the Palestinian people. The economic progress that Tony Blair has been trying to pursue as a middle east peace envoy has not really happened. The improved security that we have sought is in place in Jenin but in few other places.

Mr. Stephen Crabb (Preseli Pembrokeshire) (Con): Will the hon. Gentleman give way?

Mr. Davey: No, I want to finish. Most importantly, the freeze on settlements that was crucial to the Annapolis agreement has not happened. Illegal settlements continue. That has seriously undermined the peace negotiations and seriously undermined President Abbas. What I fear most of all is that that episode has cut the legs from under President Abbas. I hope that I am proved wrong but I think that the Israelis have made a serious error and they will rue the day that they decided to take this action.

3.33 pm

Mr. Roger Godsiff (Birmingham, Sparkbrook and Small Heath) (Lab): I am most grateful to have the opportunity to speak in the debate. The recent pictures that we have seen on television and the harrowing stories that we have read in the press have shocked and angered many people in this country, not least in my constituency. The pictures are so shocking that it could be easy to assume that all Israeli citizens support the actions of the Israeli Government, and it would also be easy to assume that all the people living in Gaza support the elements in Hamas that have been firing regular salvos of rockets into southern Israel. I do not believe that that is the case.

It has been said on many occasions that the first casualty of any conflict is the truth and that would certainly appear to be the case so far as the bombardment by the Israeli army and air force is concerned. Israeli Government spokespersons make nightly appearances on television seeking to justify why, for example, a UN school which had been assigned as a temporary refuge, and whose GPS co-ordinates were given to the Israeli army, was bombed, or why Shifa hospital in Gaza city was attacked. Those justifications are not only disingenuous, but are vehemently challenged by the UN and other aid agencies on the ground. They refute the allegations that those, and similar facilities, are being used as a cover for Hamas military activities. The conclusion that many people have drawn is not only that the "justifications" of the Israelis are untrue, but that they mask the real intention of the onslaught, which is to destroy as much of the civilian infrastructure of Gaza as possible as a form of collective punishment of the people of Gaza for electing an Hamas Government.

The first duty of all Governments is to protect the integrity of their country and to protect their people from attack. I do not mean to trawl through the history of the last 60 years, ever since the United Nations decided to partition Palestine and to approve the creation of the state of Israel, or the subsequent history of conflict and missed opportunities for a lasting settlement based on the creation of a Palestinian state and the so-called two-state solution. However, we surely need to question whether the killing of more than 1,000 Gaza civilians is a proportionate response by Israel to the provocation of missiles being fired into southern Israel.

We also need to question whether the onslaught is not—I regret to say this—part of a parting shot from a thoroughly discredited American President and Administration who have singularly failed, throughout the past eight years, to understand the complexities of middle east politics, and who have naively believed that the promotion of democratic elections in countries with little or no history of democracy will solve everything. That is, of course, exactly what happened in Gaza. Unfortunately, the people elected a Government who were unacceptable to the discredited Bush Administration.

A second question that has to be considered is whether the policy of isolating Gaza and imposing an economic blockade has not been a major factor in precipitating the current carnage. Of course Israel and its protector, America, would have been concerned by the rhetoric of Hamas when it was elected, and its avowed commitment to destroying the state of Israel, but many seasoned commentators on the middle east have pointed out that Hamas was elected by the people of Gaza as a reaction to the incompetence and corruption of the previous Fatah Administration, and because of the work that Hamas carried out on the ground in helping ordinary people. The IRA's political wing, Sinn Fein, won political support in Northern Ireland using the same tactics.

Many people would argue—I have come to this view myself—that if Israel had sought to engage with the Government and people of Gaza when its troops and settlers left; if it had, as a gesture of good will, left intact the illegal settlements for the people of Gaza instead of pursuing a scorched earth policy of destruction; and if it had subsequently sought to promote trade and economic development with the people of Gaza instead of building a wall around Gaza and taking even more Palestinian land to construct that monstrosity, there would have been a better chance of persuading the people of Gaza that co-operation was better than continuing conflict.

Prior to 1967, Israel was surrounded by four countries, three of which—Egypt, Jordan and Syria—opposed its right to exist. However, that has not stopped Israel from making lasting peace with both Egypt and Jordan, or from entering into negotiations, albeit through intermediaries, with Syria to bring about a lasting peace with that country. The idea that the people of Gaza should suffer collective punishment for electing an Hamas Government, and that they should be blockaded into submission until that Government renounce their reason for existence, was, frankly, disingenuous and symptomatic of the simplistic view of the world that the Bush Administration have had, particularly since the traumatic events of 9/11.

The most pressing need is for a ceasefire, properly monitored by the United Nations. Above all, there has to be a just settlement with regard to the legitimate rights of the Palestinian people, so that there can be lasting peace in the middle east.

3.39 pm

Mr. Michael Ancram (Devizes) (Con): I am grateful for the opportunity to speak in this debate. I apologise in advance, Madam Deputy Speaker, because I cannot be here for the winding-up speeches, as I have to catch a train.

The events of the past three weeks in Gaza are a tragedy in which there are no winners, except those who do not wish to see a peace settlement in the middle east. There will be time for recriminations when the fog of war clears, but it is vital that we understand the depth of tragedy. It is a tragedy for the people of Gaza, who cannot even become refugees, because there is nowhere for them to flee to in the face of bombardment. It is a tragedy for Israel, of which I have been a friend for a long time and whose great peace rally in Trafalgar square five years ago I not only attended but addressed. It is a tragedy for Israel, because it has forced it from the moral high ground of self-defence into a strategy in which it has met terror with greater terror. By following that course, it has lost many friends, and I still ask how a member of the United Nations can turn its back on a UN Security Council resolution.

It is a tragedy for President Abbas who, for all the co-operation that he has tried to achieve with Israel and for all the protestations that he has made over the past three weeks, has not been able to protect the Palestinians in Gaza. It is a tragedy for the elements of Hamas—and there are such elements, because I have spoken to them—that sought to direct that movement towards the democratic path and that saw themselves ostracised when they won their election victory. That handed power to the militants.

[Mr. Michael Ancram]

It is a tragedy for them, because it will be much more difficult for them to return to that path. It is a tragedy for the peace process, because peace processes, as I know, depend on confidence, which has been shattered by what has happened over the past three weeks. It is a tragedy for the security of the international community, because of the radicalisation of many people in the Arab world, as a result of which, in the end, we will all suffer.

What we have seen is a dark moment in the effort to try to find a peaceful solution in the middle east. Many people say that it may well have derailed a two-state solution. I sincerely hope not, but there are steps that must be taken if we are to see this dark night end and a new dawn come. First, Israel must be persuaded as a member of the UN to accept the UN ceasefire, to open the borders and to allow Gaza to exist again socially and economically. If it does so, we can put pressure on Hamas to abide by agreements that weapons will not be transferred into that state, and we can make sure that we use our influence to that end. I would like efforts to be made, because one problem in the middle east peace process is Israel's inability to find the partner with which it can make the deal. I would like efforts to be made to bring together a representative body of Palestinians which does not, as is the case at the moment, represent Fatah on one side or Hamas on the other, but which genuinely represents Fatah, Hamas and Christian Palestinians on the west bank, as well as the 11,000 prisoners, and with some form of representation from the refugee camps, so that when an agreement is made, that is done not on the basis of Israel and one faction but Israel and a body that represents all the Palestinian people. That is an essential part of the way forward.

I would like the international community to begin to engage with Hamas. It should look behind the rhetoric, about which we hear so much, at the reality of what its members talk about privately As hon. Members know, I have been talking to Hamas for two years, and it talks about accepting the existence of the state of Israel, and accepting that a Palestinian state will live alongside the state of Israel. Those may not be the words that the Quartet is looking for, but surely it is enough to open a dialogue and take the matter forward.

I should like to press the new United States Administration to make a real effort to bring about a settlement. I was involved in Northern Ireland, and in the end what really helped was the US sending Senator George Mitchell over. He did not just turn up for two or three days here and there—he came over permanently, and he presided over a peace process that, in the end, was successful. That type of commitment is needed, and I hope that, under the new US Administration, we will see that level of commitment again.

We must accept, too, that any settlement must be comprehensive, not just between those Palestinians and the Israelis, but including the surrounding states, including Syria and the political entities in Lebanon. Those are areas where there is a sense of hope for the future, but the night is very dark at the moment. It is also very dangerous, for the region and for the rest of the world.

When the ceasefire comes, I hope that our Government will be able to use their influence to move the process forward—not in the piecemeal fashion of the past but in a comprehensive way that might at last remove this terrible situation from the face of the earth. In that way, we can create peace in a land where no one deserves the horrors of the past three weeks.

3.45 pm

Mike Gapes (Ilford, South) (Lab/Co-op): It is a pleasure to follow the right hon. and learned Member for Devizes (Mr. Ancram), and I agree very strongly with what he said. He referred to Northern Ireland, and one of the lessons of that conflict is that sometimes one needs channels for engagement with people. That need will not always arise at times of one's own choosing, but such channels are a necessary preparation for political solutions later on.

One of the tragedies of the situation today is that everything could have been so different after the unilateral Israeli withdrawal from Gaza in August 2005. The Foreign Affairs Committee went to Gaza in December 2005: we drove from north to south, and we were able to see the greenhouses left behind by the settlers after they had left, and to get to the Rafah crossing. We saw the controls that were in operation there, and they were a bit like the controls at an airport terminal. The Italian carabinieri were in charge, and police officers from Romania and Denmark were working with them as part of the EU mission to Gaza. They were all performing a very important role. Coaches would arrive from Egypt, and people would get off and go through the Rafah crossing. Their bags would be checked and scanned, and sometimes goods would be held back because they were being proposed for sale or importation illegally. Those goods could be collected later.

Families were being reunited at that time. The House must understand that, for many years, the town of Rafah had expanded into Egypt, with the result that families had members on both sides of the crossing. As a senior Israeli politician who was in London this week told me, many of the tunnels in the area run from a family's home on one side of the crossing to its home on the other side. The tunnels were used to bring food through, as well as weapons of all kinds. Those weapons included things from Iran via Yemen and Sudan, which presumably came through Egypt before being sent through the tunnels.

The circumstances of what is happening in Rafah today are very different, because of the closure of Gaza and the incidents that have taken place. It is not only after the breakdown of the latest ceasefire that we can talk about people dying: in 2006, more than 680 Palestinians and more than 20 Israelis were killed as a result of the continuation of the conflict.

The US Secretary of State, Condoleezza Rice, got engaged, briefly and actively, in trying to work out a channel with regard to the Philadelphia corridor. There were further breakdowns but finally the ceasefire was agreed that lasted for six months between June and December last year. I do not have time to go into all the circumstances of how that broke down, but it is clear that, even before the UN Security Council adopted resolution 1860, we needed a ceasefire to stop the conflict in Gaza and the deterioration that will follow.

In the past week, we have seen the impotence of the international community, which the general public around the world do not understand. They believe that our

Government and other Governments must be able to do something to stop the fighting. They see pictures of the horror every night on their televisions, and they do not understand why it continues.

Yet the conflict in Gaza is not the only one going on in the world. Today, as part of the civil war in Sri Lanka, the Sri Lankan army is bombarding areas in the north-east and killing many people—but we are not seeing that because the television cameras are not there. Only members of the Tamil community in this country and a few others are really engaged with what is going on in Sri Lanka.

Mr. MacNeil: Will the hon. Gentleman give way?

Mike Gapes: I am afraid I do not have time.

Killing is still going on in Darfur and in Congo. The international community needs to engage and to be more active. We hope that when President Obama comes to office on Tuesday, he can make a difference, but let us not be misled. He is not a miracle worker. It will take sustained engagement—sustained engagement by the United States, unlike the disasters of the past eight years, when there has been sporadic engagement from time to time.

We will also have to make sure that the Arab world takes a more responsible attitude to a solution to the conflict. We need a comprehensive agreement between Israel and its neighbours. We need a two-state solution. Reference has already been made to Syria, and Egypt has a key role in providing the guarantees for security to allow the opening up of Gaza for trade with Israel and with Egypt—the opening up of those borders, but the prevention of the weapons coming in.

The British people, and particularly many of our young Muslim people, are very angry. We need a political solution now.

3.51 pm

Mr. James Clappison (Hertsmere) (Con): This subject engages sympathies across the House and there is often a marked lack of detachment. On this occasion, however, I commend—it is not often that I commend the Government—the speeches from the Minister and from my hon. Friend the Member for Aylesbury (Mr. Lidington). We have had balanced speeches from two of the Front Benches in the debate.

I support what I regard as the pragmatic search for a solution that will bring an end to the scenes that we have seen over the past few days and over the longer period in which the rockets have been fired. I urge the Government, through their representations, to seek a sustainable solution. The key to the durability of a solution is an end to the firing of the rockets and an end to the supply of armaments into the Gaza strip. What on earth do people want weapons coming into the Gaza strip for? What possible purpose can that serve? That should be followed in short order by the supply of humanitarian aid, which is much needed, to the population of Gaza.

The key to the matter is how it began. It began with the firing of rockets from Gaza into Israel over a long period. What on earth were the Israelis supposed to do? Were they expected to put up with that over a longer and longer period? When was action expected to be taken on it? We have to see the situation from the Israeli point of view.

Mr. MacNeil: I hear the hon. Gentleman's concern about arms. Given the deaths of 1,000 civilians in the Gaza strip, does he still think the UK should be selling arms to Israel?

Mr. Clappison: I want to stop the current situation, and the hon. Gentleman wants to stop it. The key to that is removing the conditions in which the immediate conflict began. It began through the firing of rockets from Gaza into Israel. The objective is to stop that. The Israelis are satisfied with that solution. They withdrew from Gaza, they removed their settlements, and they have no wish to expand into Gaza. The conflict is not part of an Israeli attempt to take over Gaza. They simply want to see the end of rockets being fired at their citizens. I ask hon. Members on the Liberal Democrat Benches how thrilled members of the public in their constituencies would be if they were subject to rocket attacks. Would hon. Members expect their constituents to come to them and ask would could be done about it?

Let us see an end to the bombardment and a sustainable solution. That will be a first step towards a wider solution. I do not yet have a great deal of confidence in Hamas. I listened to the very interesting speech from my right hon. and learned Friend the Member for Devizes (Mr. Ancram) and I pay tribute to his expertise on the subject. Judging Hamas by its actions and its words, as we must inevitably do, we have not yet seen much open evidence of its peaceful intentions.

I hope very much that a leader of Hamas will feel able to come forward, as my right hon. and learned Friend indicated, and say publicly that they recognise the state of Israel, that they are prepared to abide by the conditions that the international community have set them, and that they are prepared to abide by previous conditions and give up terrorism as a starting point; then, there can be talks. There is little point in Israel having talks with Hamas before Hamas recognises it and those fundamental conditions are observed. However, I hope that my right hon. and learned Friend is right and that Hamas will soon do that. It has certainly had no shortage of opportunities to do it in the past.

Mr. Mohammad Sarwar (Glasgow, Central) (Lab): Does the hon. Gentleman accept that the crisis in Gaza and the middle east is due to the illegal occupation of Palestinian territories and the refusal of the Israeli Government to accept United Nations resolutions and withdraw to pre-1967 borders?

Mr. Clappison: I accept what the hon. Gentleman says. As I hope I made clear in an earlier intervention, I would like a resolution of the situation and I fully accept that there has to be a viable and sovereign Palestinian state and that there will have to be territorial adjustments. I am not going to stick firmly to one propaganda position or another.

On the other hand, the hon. Gentleman and his supporters have to recognise that Israel has to be secure; that is uppermost in Israelis' minds. That is the solution before us, and it can be achieved. However, rockets have been fired, a pledge to destroy Israel has been made in

[Mr. Clappison]

the Hamas charter, anti-Israeli propaganda has been put out and the Iranian leadership has given words of support for Hamas. None of those things does anything to advance us towards the pragmatic solution that I would like to see.

First, there should be an end to the conflict on that basis and to the suffering on both sides, including among the population in Gaza—suffering that I believe has been caused by Hamas. Then, there should be a wider solution that removes the seeds of conflict and provides a better future for all the people in the middle east. The fact is that what we need to do is simple, although certain hon. Members fail to do it: bring all the pressure possible on Hamas to stop firing rockets, which created the conditions that brought about the current conflict.

3.56 pm

Mr. Marsha Singh (Bradford, West) (Lab): What is important today is not any discourse on the past or on what may happen in future, but how we get a ceasefire and stop the carnage in Gaza. Let me say at the outset that Hamas has to bear some of the blame for what has happened; if somebody fires a rocket at my house, I am going to fire one back.

However, the actions of the Israeli Government and military have been completely and utterly disproportionate. The situation is not the result of an aberration on the part of the Israelis—it is not something new. On 30 April 2008, John Ging, the director of the United Nations Relief and Works Agency in Gaza, told the International Development Committee that the humanitarian situation was extremely grave. He said:

> "I would characterise the situation here as shocking in terms of the deterioration in the humanitarian situation. I also have to say it is shameful, what we are now witnessing first-hand here and on the ground. Both the principal issues continue to be the access issues, whether it is for equipment or whether it is for supplies. Also the violence underpins the humanitarian situation here in Gaza. When it comes to violence and that pervasive sense of fear and danger that is created in every household by any situation here, I will just update you on the latest statistics. From January of this year 344 Palestinians have been killed and 756 have been injured, and in those figures are the deaths of 60 undisputedly innocent children and a further 175 children injured."

What did the international community say? Nothing. What was our response to the crisis that was already happening? Nothing. He went on to say:

> "What we are not seeing is the accountability that one would expect when it comes to the use of lethal force, and that is leaving an ever-growing sense of impunity, bad faith and a sense of despair among the general population."

This was the situation of the Gazan people at that time. In March 2008, Christian Aid, with other NGOs, published a report that said that

> "the severity of the situation has increased exponentially since Israel imposed extreme restrictions on the movement of goods and people."

Mr. Crabb: Will the hon. Gentleman give way?

Mr. Singh: No—please let me proceed.

The report outlined the gravity of the situation: the rising unemployment, lack of basic medical supplies, blackouts, economic collapse and denial of emergency treatment outside Gaza. It described the situation as a "humanitarian implosion". The blockade of Gaza turned Gaza into one huge prison, and that is the reality that the Gazan people have faced in 2008. The Palestinian people of Gaza were already living in a humanitarian hell, and I cannot find the words to express what they are living in now.

I said earlier that the Israeli response was disproportionate, but I find that word completely inadequate to describe what the Israelis are doing. They have used F-16 jets, helicopter gun ships, missiles, artillery, tanks and even phosphorus. What is the result? One thousand dead and thousands injured; utter destruction of the civilian infrastructure, including schools and power stations; and utter collapse of the sewerage system. Save the Children said in a briefing yesterday that at least 184 children have been killed—I think that the figure is now over 300—and more than 600 injured. An estimated 80,000 to 90,000 people have been displaced, among them 45,000 to 50,000 children. Health services are collapsing, ante-natal care has been suspended, and all vaccination programmes have been interrupted. The list goes on and on, and so does the killing, the brutality, the inhumanity and the disregard for the rules of war.

Yesterday, I read an even more chilling account in *The Independent*, which quoted B'Tselem, an Israeli human rights group, as saying that at least three Palestinians in Gaza were shot dead yesterday as Israeli soldiers fired on a group of residents leaving their home on orders from the military and waving white flags. That is absolutely disgraceful. I described the situation as a humanitarian hell. Is there anything worse than hell? Well, if there is, it exists now in Gaza, and the Gazan people are living in it.

Israel is committing war crimes in Gaza. It must be held to account by the international community. What we have to do today is send the strongest possible message to Israel. Arms embargoes or other embargoes are fine, but we must say today that we will expel the Israeli ambassador and recall our ambassador. That will be a shock to the Israeli system, and they may then begin to listen.

4.3 pm

Mr. James Arbuthnot (North-East Hampshire) (Con): I am, and I am proud to be, the chairman of Conservative Friends of Israel.

The hon. Member for Bradford, West (Mr. Singh) said that Hamas must bear some share of the blame. I will read to the House what the Egyptian Foreign Minister said a couple of weeks ago:

> "The Israelis have been warning you that this was coming if you continue your cross border rocket attacks. Egypt has been imploring you to stop firing rockets into Israel, but you ignored our words. We have been urging you to renew the cease-fire with Israel, but you refused. You have brought this upon yourselves. You are responsible for what is happening to the people of Gaza."

I will read what an adviser to President Abbas said, also a couple of weeks ago:

> "The one responsible for the massacres is Hamas, and not the Zionist entity, which in its own view reacted to the firing of Palestinian missiles. Hamas needs to stop treating the blood of Palestinians lightly."

Concentrating on the word "massacre", there is no doubt that that is what it is. It is awful to watch. During the British involvement in Iraq, there has also been a terrible massacre of civilians, as well as of fighters. The same is true of Afghanistan. The same was also true of the second and the first world wars, but that does not make it wrong for the British to have fought. The distinction lies between those who set out to kill and maim civilians and children, and all too often succeed, and those who set out to avoid doing so, and all too often fail. I know which side I am on.

The situation is awful, and it is not as though the Israelis do not know that it is awful. It is not as though the leaders of Hamas do not know that, either, and I have the appalling impression that Hamas has come to a calculated opinion that the more Palestinians who die, the more extreme Israel appears and the better Hamas's cause is served. That is why it uses civilians as human shields and schools from which to launch rockets. In 2007, I visited Sderot. I spoke to schoolchildren and went into two of their bomb shelters. I spoke to parents and learned about the daily trauma with which their children grow up.

There is absolute unity in Israel on the issue. Any Israeli Government who had failed to react very strongly to the barrage of rockets would have immediately been removed and replaced with a much harder-line Government than one led by Tzipi Livni or Ehud Olmert. Tzipi Livni has been seriously trying to negotiate with the Palestinians, and none of us in the House should wish to see a more hard-line Government.

Mr. Mullin: I understand what the right hon. Gentleman is saying, but does he think that what we have seen in Gaza in the past week is likely to reduce the number of rockets being fired into Israel or increase it?

Hon. Members: Reduce it.

Mr. Arbuthnot: Some of my hon. Friends are saying that it will reduce it, but I really do not know. All that I can say is that the awful carnage can stop, but there is no point in a mere ceasefire if it merely creates a temporary lull. If we go back to the constant cycle of Israel leaving Gaza, Hamas rearming, Hamas killing Israeli civilians so that Israelis live in constant fear and Israel going back into Gaza, everyone will continue to suffer and we will be no further forward. That is not sustainable, and action must be taken now to address the long-term concerns and break that cycle.

On the other hand, the discrepancy between the economic performance of Israel and the grinding poverty of Gaza is also unsustainable. It cannot be acceptable for people living in Palestinian areas to have an income one tenth of that of people living in Israeli areas. We have to address those living standards, but we cannot do that without the international investment that will come only when the security situation is improved. It cannot be acceptable for the free movement of Palestinians to be constrained for ever.

The borders of Gaza have to open, but not for the smuggling of explosives and suicide bombers, as happened all of last year. Until that stops, no Israeli Government will allow free passage, and why should they? To the people of Palestine, we must send this message: there can be hope for the future, but it has to be in your hands. When Israel leaves Gaza, as it no doubt soon will, you have the opportunity to turn away from rockets, terror and death and towards development, education and prosperity. The history of the area is littered with missed opportunities. Please let this not be another one.

4.9 pm

Richard Burden (Birmingham, Northfield) (Lab): I listened carefully to the speech of the right hon. Member for North-East Hampshire (Mr. Arbuthnot). May I make a suggestion to him, in a spirit of understanding? Although I recognise the pictures of Sderot that he painted, because I have also been there, he may benefit from going to Gaza and speaking to Palestinians there to ascertain whether he has a legitimate and genuine understanding of their position.

To avoid doubt—because of time I cannot take interventions—let me preface my remarks with several matters that I want to put on the record. First, all states, including Israel, have the right to self-defence and a duty to defend their citizens from attack. Secondly, the Palestinians also have the right to defend themselves from attack and, under international law, the right to resist occupation. Thirdly, civilians should not be targeted or have their presence wilfully or recklessly disregarded in conflict. I therefore do not believe that firing Qassam rockets from Gaza at or near predominantly civilian areas in Israel falls within the definition of acceptable resistance.

However, the fact that those rockets are fired provides no justification for the massive attacks by air, land and sea that have already killed more than 1,000 people, 322 of them children. When medical staff, aid convoys, United Nations schools and installations have been hit, even when the high-tech Israeli army has the GPS co-ordinates for those installations, it suggests that Israel is acting in contravention of the provisions of the Geneva convention on the protection of civilians in time of war, and that the term "war crime" should be used.

I have no doubt that my right hon. Friend the Foreign Secretary is making major efforts to secure a ceasefire on both sides and to get the blockade lifted, so that the 1.5 million people in Gaza will not be forced in future to live in an impoverished prison 25 miles long and between three and seven miles wide. However, people in the UK and those whom I met in the middle east last week are not asking when the international community will express disapproval of what is happening in Gaza, but when we will put a stop to it. We need to do more to show that we are serious.

I therefore welcome the EU's decision to defer upgrading its relationship with Israel, but we need to go further than putting it on hold. Under the EU-Israel association agreement, Israel has clear obligations to respect basic standards of behaviour and of human rights. If Israel is not prepared to fulfil those obligations in practice, it cannot expect to keep receiving the privileges of the agreement, and it should be suspended. If the Geneva convention and international law are being breached so blatantly, proceedings must be brought to hold people to account.

If, as many hon. Members have suggested, there is to be an embargo on smuggling into Gaza weapons which threaten the lives of Israeli civilians, there should also be an arms embargo on the commercial or subsidised sale of arms to Israel when foreign-made F-16 fighters are attacking Palestinian civilians in Gaza.

[Richard Burden]

However distasteful Israel's actions have been in past three weeks, and, I would argue, before that; however unacceptable is its refusal to renounce violence to achieve its ends; and however much it has refused to meet its obligations under UN resolutions, the road map, the Annapolis treaty or the agreement on movement and access, the Israeli people still have rights, and we should not put preconditions in the way of their elected representatives being a party to the negotiations that must take place or deny them a stake in the final agreement. However, if that is the case with Israel, it must also apply to the Palestinians.

I want Hamas to accept the Quartet's three conditions in theory and in practice, just as much as I want Israel to match its theoretical acceptance of those conditions with abiding by them in practice. Israel has not done that. That means finding ways in which to bring Hamas into the process, not excuses for keeping it out, and not as an alternative to dealing with President Abbas or Fatah. Unless there is unity among Palestinians, no deal will ever stick. We did not respond positively when Hamas moved to electoral politics or when it declared several unilateral ceasefires in the past few years. We squandered a second opportunity for progress when a national unity Government, involving Fatah, Hamas, independents and others, was agreed in the summer of 2006. Let us not make that mistake again.

I welcome the comments that the Minister for the Middle East and Africa made in the other place recently, when he said that the British Government would welcome a national unity Government and deal with their membership. When my hon. Friend the Minister makes his winding-up speech, will he assure me that we will not only welcome such a development, but do what we can to bring it about?

4.15 pm

Malcolm Bruce (Gordon) (LD): I am pleased to speak after two of my colleagues on the Select Committee on International Development, the hon. Members for Bradford, West (Mr. Singh) and for Birmingham, Northfield (Richard Burden), both of whom made very pertinent contributions in their own way. Importantly, we on the Committee, which has produced two reports on the occupied territories, have been increasingly depressed at the deterioration of the situation over a long period, and we are obviously horrified at the current situation.

The Department for International Development allocated $10 million for emergency relief, mostly through UNRWA, on top of £243 million that has been allocated over three years to support aid and development in the occupied territories of Palestine. However, not a penny of that money would have been needed if there had been peace. That money could have been spent in parts of the world where poor people need it just as much. It is frustrating for us that aid resources are being channelled in that way—not for development, but simply for first aid—and that conflict is costing our taxpayers.

I pay tribute to John Ging and the UNRWA team in Gaza, who are not only supporting the Gazan people through this time, but effectively sharing their suffering. UNRWA has given us detailed day-to-day information on just how horrific the situation has been. Bad and intolerable as the situation has been over the past two years, what has happened in the past three weeks has escalated the suffering, stress and humanitarian trauma to the civilian population beyond anything that can be justified by any provocation. Indeed, I am appalled at Members of this House trying to justify that degree of disproportionate action. Those 322 children have absolutely no responsibility for anything that has happened, and they are now dead. The House should acknowledge that we cannot stand by and accept that.

Not only that, but comments have been made about the role of Hamas. Hamas was democratically elected, and however much we might dislike it or condemn some its utterances and many of its actions, the actions of the past few weeks are likely to make Palestinians in Gaza and the west bank more likely not only to support Hamas rather than less, but even to begin to wonder how they will ever live in an independent Palestinian state alongside an Israel that behaves in the way that it has behaved in the past two or three weeks. It is important to recognise that if we do not take firm action and give a lead in delivering a proper peace process, we may well create a united Palestinian entity—but it will be Hamas. Then the international community will have to determine how to deal with it.

Our Committee did not agree on how we should deal with Hamas, but most of us took the view that we had to engage in some way. The irony is that the United Kingdom has a long history of doing precisely that kind of thing. We had to deal with Mau Mau, with EOKA and with the IRA. No agreement was ever achieved other than by talking to those groups before agreeing the conditions for concluding an agreement. That seems to be a lesson that we can reasonably take from history.

In a very good statement on Monday, the Foreign Secretary said that the United Kingdom

> "supported resolution 1860—to uphold the standards on which Israel and the rest of us depend."—[*Official Report*, 12 January 2009; Vol. 486, c. 23.]

However, I would suggest that that resolution goes further than that. This is the crucial point that the Foreign Secretary was making. It is not just that Israel must recognise its responsibility as a legitimate state and a member of the United Nations, with all the obligations that that entails. The point is that the international community, particularly the United Kingdom, which played such a crucial role in creating the state of Israel, would be tainted by association with breaches of international law, flagrant disregard for UN resolutions and the possible perpetration of war crimes if we failed to ensure that a member state with which we are closely associated complied with international law on terms that we subscribe to. If we fail to act, we will be tarnished with collective guilt by association.

That is what our citizens are saying so strongly to the Government. They feel that they share responsibility for the conflict, and they want the Government to accept their responsibility to use their initiative, in concert with others, to try to ensure a resolution. Surely we have to seize an opportunity from the worst and darkest hour. All this death and conflict—and the possibility, as my hon. Friend the Member for Kingston and Surbiton (Mr. Davey) said, that Israel has made a tactical error—can be turned around if the new Administration in the United States, with a lead from the United Kingdom and Europe, say that Hamas has to recognise the mistakes it has made, that Israel has to recognise its responsibility and, above all, that we all have to recognise that the Palestinian people should not be exposed to this degree of suffering in future. We have to ensure that the regime that operates in Israel and the Palestinian states is designed to give prosperity, peace and a functioning state to Israel and Palestine, because the alternative is the disintegration of the entire region.

4.20 pm

Mrs. Louise Ellman (Liverpool, Riverside) (Lab/Co-op): There is no doubt whatsoever that the loss of civilian life, particularly that of children, as shown on our television sets every day, is truly horrifying. It is extremely important that we understand who is responsible for this deplorable situation. Responsibility in general for what is happening lies firmly with the Iranian-backed Hamas. Hamas is recognised as a terrorist organisation by the European Union, Canada and the USA, and it is an uncompromising Islamist, anti-Semitic organisation, as shown by the principles set out in its charter and shown through its actions. That includes sending out suicide bombers with the deliberate intent of murdering as many Israeli civilians as possible, calling for jihad as the only solution to what it calls the Palestinian problem, seeing martyrdom as the greatest of virtues, and stating that Jews worldwide are corrupt, control the media, run the world through the protocols of the elders of Zion and stir up revolutions throughout the world. It refuses to recognise the existence of the state of Israel on the grounds that it is a religious edict to refuse to do so, and states that the day of judgment will not come until the Muslims kill the Jews.

Hamas is not only about what is written in its charter, but its actions, and it has sent more than 5,000 rockets and missiles, targeted at Israeli citizens, since Israel—correctly—left Gaza. It used the ceasefire to extend its rocket range, importing Chinese and Iranian rockets with longer and longer ranges. Indeed, there are now 900,000 Israeli citizens in the range of rockets being fired from Gaza by Hamas, and it was Hamas that refused to extend the ceasefire. The action that Israel is now taking, difficult as it is, concerns targeting not civilians, but Hamas activists, its weapons, its infrastructure and its tunnels. The reason why so many civilians are, tragically, being killed is that Hamas callously places them in the line of fire.

Mr. David Winnick (Walsall, North) (Lab): Will my hon. Friend give way?

Mrs. Ellman: No, I have no time.

That is why, on 14 January, Israel made a complaint to the United Nations Security Council about Hamas using children as human shields. There is a Hamas war room under the Shifa hospital—an absolute disgrace. On 9 January, the Israeli defence forces found a map of al-Atatra, a neighbourhood of Gaza, which was used by Hamas to record the location of explosive devices. That map showed that houses in that area were booby-trapped to put civilians in the line of fire, knowing that that would cause the maximum number of civilian deaths. That is callous, outrageous and deplorable. I am surprised as well as outraged that the same people who express genuine concern about the loss of civilian life—I share those concerns—do not also condemn Hamas for its callous use of civilians as a human shield. Let us remember that the organisers and leaders of Hamas not only extol the virtues of martyrdom and jihad but proclaim, "We love death. You love life." That is what Hamas is all about.

When we rightly show our concern about the number of civilians who are injured and who die, we should remember the complaints made by Egypt, on 28 December, that Hamas has been preventing the injured from going across the border into Egypt for treatment. That is the nature of Hamas. When people jump so readily to condemn Israel for protecting its civilians, after claiming that it has a right to do so, they should not ignore the nature and deeds of Hamas, which sets out deliberately to kill as many civilians as possible.

What is the way forward? It is through the enactment of resolution 1860 by both Hamas and Israel. That can only be done through steps being taken so that rockets stop being fired on Israeli citizens on a permanent basis. Hamas has no right to fire rockets and missiles on Israeli civilians. The Israeli settlers and soldiers have left Gaza: 8,500 settlers left, many of them removed by force, yet Hamas—

Madam Deputy Speaker: Order. The hon. Lady's time is up.

4.26 pm

Mr. Elfyn Llwyd (Meirionnydd Nant Conwy) (PC): The bombing of the Shij'ia family health care centre in Gaza city, run by the Near East Council of Churches, was an outrage. The Israelis rang 15 minutes before to say that an attack was imminent. Why, therefore, was a deliberate attack being made on such a centre?

Journalists are not allowed into Gaza, as is the case in Zimbabwe, and precious little is being reported as it happens. We see things on television, but we are given only a partial view. There are many Palestinian prisoners in Israeli jails, including democratically elected members of Parliament. Will Israel confirm the number of Palestinian prisoners it currently holds, and when, if ever, it will release political prisoners? My party has always campaigned for a two-country solution, which is the only common-sense approach.

The hon. Member for Liverpool, Riverside (Mrs. Ellman) was saying that innocent people will be killed from time to time. However, as Gaza is only the size of Wrexham town in north Wales, with a population of 1.5 million any bombardment is bound to create collateral damage, as anyone can see. I echo the many calls for a ceasefire, but I am not optimistic that it will happen immediately. One concrete step that has been referred to is for the European Union to suspend Israel's privileged trade agreement with Europe, which requires Israel to respect human rights. That would send a clear signal of the need for an urgent ceasefire.

There is a great deal of urgent feeling in the House about the issue, and I refer hon. Members to early-day motions 400, 408 and 423. What is the middle east envoy—the ex-Prime Minister, Mr. Blair, who has not yet set foot in Gaza—currently doing? His premises in Jerusalem occupy the entire floor of a hotel at a cost to the public purse of £700,000 per annum. I ask myself, "Is that proportionate?"

Mr. Robert Marshall-Andrews (Medway) (Lab): I am grateful to the hon. Gentleman for giving way. The hon. Member for Liverpool, Riverside (Mrs. Ellman) would not give way to answer questions, so I wonder whether he will have a shot at answering this one. If there is any truth in the allegation that there is a deliberate and normal use of civilians as human shields—in other words, that they bring the attacks on themselves—why are journalists banned from Gaza when they could see precisely what is being alleged?

Mr. Llwyd: The hon. and learned Gentleman is absolutely right. If there was nothing to hide, journalists would obviously be free to go in. Indeed, it would be in Israel's interests to allow them free access, so that the whole world could see that, transparently, there was nothing going on that should not be going on.

Several Members have pointed out that more than 1,000 people in Gaza have been killed, including many women and children. A United Nations watchdog said recently that Israel was showing a "manifest disrespect" for the protection of children in Gaza. The United Nations Committee on the Rights of the Child has said that although Israel signed a UN protocol condemning attacks in places where children were likely to be present, those are still continuing, day after day. Obviously I want a ceasefire. I believe that we need an accord between Israel and Palestine, but of course there must be a ceasefire first.

I am disgusted by the present situation, with Israel's complete disregard of the Geneva convention in respect of protected people and with its continued illegal occupation of territories outside its pre-1967 borders. What is the United Kingdom Government's position on Israel's targeting of United Nations schools? Do they support calls from United Nations officials for a full UN-backed investigation of the bombing of Palestinian schools by Israel, with the aim of bringing those responsible to book? How do they view Israeli claims that Hamas fighters were present at al-Fakhura school in Jabaliya before it was bombed? Do they believe that the presence of fighters legitimises the bombing of a United Nations school? Those are some of the questions that urgently need answers, and no doubt they will be answered in due course.

We now know that white phosphorous is being used. Unless it is being used for shielding purposes, that in itself constitutes a contravention of the Geneva conventions.

I ask the Government to consider immediately an arms embargo on Israel similar to those imposed in 1982 and 1994. We all want to see a ceasefire, but previous calls for one have been totally ignored. The disproportionate—I use that word again—military intervention in Gaza is nothing short of a war crime, and it galls me that the international community's call for a ceasefire is being studiously ignored by Israel.

A couple of years ago, we debated whether Iraq had been in breach of United Nations resolutions. Indeed, it was the alleged breach of those resolutions that led to the British Government's justification for the subsequent attacks. On 8 January, the United Nations Security Council, through resolution 1860, called for

> "an immediate, durable and fully respected ceasefire, leading to the full withdrawal of Israeli forces from Gaza".

Israel's Foreign Minister, Tzipi Livni, responded that Israel would continue its campaign, and the BBC reported that at least 50 air strikes had hit Gaza as the United Nations was passing the resolution.

Israel has form, in that its current conduct clearly mirrors its conduct in Lebanon in 2006. Why do we have these double standards? Why is Israel considered to be above international law? Could that be linked to the fact that Britain exported nearly £19 million-worth of arms to Israel in the first quarter of last year? Is that the reason? I do not know what the reason is, but it is apparent to me that Israel is acting as though it were above international law, and that cannot be right. I believe that until it starts acting responsibly and comes to the table to discuss peace, it should be considered an international pariah.

4.34 pm

Mr. Andrew Dismore (Hendon) (Lab): The violence that we continue to see in Gaza and Israel is a horrible tragedy. While no one can help but be moved by the tragic images of dead and injured innocent Palestinian women and children and the large loss of civilian life, it is important to understand why Israel felt forced to embark on military action.

For the past eight years, Israel's southern communities have faced more than 8,500 rocket, missile and mortar attacks. Over 5,500 rockets have been fired since August 2005, when Israel withdrew from the Gaza Strip in a bid to stimulate the peace process. That means, on average, one missile being fired at Israel every three hours for each of the last three and a half years. The rockets have brought death, injury, destruction and disruption to the people of southern Israel, including both Jewish and Arab people.

Despite the continual rocket fire, Israel agreed a ceasefire with Hamas. When that ended six months later, in December last year, imperfect though it was, Israel wanted to renew it. This was despite the fact that Hamas and other Palestinian terrorist groups used the ceasefire to fire more than 400 rockets at Israel, to build more illegal tunnels, to rearm with smuggled Iranian weapons and to train their fighters for future terrorist attacks against Israel. It was Hamas that rejected a renewal of the ceasefire—indeed, it fired 60 rockets at Israel while Foreign Minister Livni was going to Egypt to try to renew it. Along with other Palestinian groups, including Islamic Jihad, Hamas fired more than 170 rockets, missiles and mortars at Israel in the six days that followed. Israel submitted two protest letters to the UN Secretary-General and the president of the UN Security Council about the increase in rocket fire. In an interview on Arabic television, Israeli Prime Minister Olmert warned Hamas to stop the rocket attacks. Both Palestinian President Mahmoud Abbas and Egyptian Foreign Minister Aboul Gheit have put the blame for the current escalation of violence squarely on Hamas. It is clear that the international community ought to have been more engaged earlier, as the confrontation in Gaza and southern Israel developed over the previous months.

Israel's operations in Gaza have attacked Hamas command centres, weapons-smuggling tunnels, training camps, rocket-manufacturing facilities and armament storage warehouses. Israeli forces alerted Palestinian civilians ahead of planned targets, using leaflets and phone messages to urge civilians to leave the immediate area, yet a further 500 rockets have been fired from Gaza at Israel, killing four Israelis and injuring many others since 27 December. Hamas is firing Iranian Grad-Katyusha missiles, which are hitting Israeli cities almost 40 km from the Gaza strip. Almost 1 million Israelis are now in range of rocket fire. No Government can sit idly by as their citizens come under attack from rockets, missiles and mortars on a daily basis. Israel has the right to defend herself.

Attributing blame does not end the fighting, however, and I fully support our Government's efforts in working for an immediate and permanent ceasefire. I welcome the adoption of UN Security Council resolution 1860, which called for just that. The text, which was introduced in Britain's name, should be immediately implemented by both Hamas and Israel.

To achieve a sustainable and durable ceasefire, there must be an end to arms trafficking. This means a complete arms embargo on Hamas and other Palestinian terror groups in Gaza. No longer can rockets be permitted to be fired at Israel, and no longer can the dire economic and humanitarian situation in Gaza be tolerated. That is why we must also see a full reopening of the Gaza crossings, with safety and security for both sides. There must be increased and improved access for humanitarian and economic assistance for Gaza, which must be properly distributed. Neither side can secure peace and a solution to their problems through military action.

Israel did not seek this war and wants to live in peace and security with her Arab neighbours. Peace agreements were reached many years ago with Jordan and Egypt. Israel has been actively pursuing talks with President Abbas since the Annapolis conference in November 2007, and also indirect talks with Syria.

In stark contrast, Hamas, while originally democratically and fairly elected, carried out a coup in the Gaza strip in June 2007. Since then, Hamas has suppressed all forms of opposition, including killing Fatah activists. Hamas uses its own people as human shields, positioning its firing positions and arms dumps among homes, schools and hospitals, inevitably increasing civilian casualties, which it then exploits for its own propaganda aims. It is Hamas whose charter still calls for the destruction of the state of Israel. It is Hamas which persecutes its own people in Gaza who are Christian, trade unionists, Fatah members or gays.

Hamas knows what it must do if it wants to be accepted into the international community. The Quartet principles require it to renounce violence, recognise Israel and accept previous international agreements and obligations. This asks no more than was asked of the Palestine Liberation Organisation in 1988, which the PLO accepted.

However, in these depressing times it is crucial not to lose sight of the fact that there is still an Israeli-Palestinian peace process. That process needs the full support of the international community and renewed and increased engagement by the incoming President Obama Administration if we are to see real progress.

Mr. Marshall-Andrews: I wonder if my hon. Friend can answer the following question, which I also put earlier. If there is systematic use by Hamas of civilians, schools, hospitals and the like in order to shield weaponry, why are journalists not allowed into the Gaza strip so that that can be verified independently?

Mr. Dismore: It might surprise my hon. and learned Friend to learn that I agree with him. I think journalists should be allowed in, because I think that would be in Israel's interests. Indeed, I understand that *The New York Times*, no less, which has a reporter in Gaza, has confirmed Israel's account of the use of a school as a missile-launching site.

Mrs. Ellman: It might be helpful for my hon. Friend and other hon. Members to note that journalists have now been allowed into Gaza; indeed journalists from, among others, *The Times* and TV stations are there.

Mr. Dismore: I am grateful to my hon. Friend for her intervention.

The Gaza tragedy should make the international community more determined than ever to facilitate a negotiated settlement between Israel and the Palestinian Authority. Israel, together with the Palestinian Authority, must actively demonstrate progress in their ongoing negotiations. Only a process that demonstrates real improvements in the situation on the ground will have the support of both the Israeli and Palestinian people, with increased security and better lives for both. The ultimate goal is that elusive two-state solution: the creation of a viable Palestinian state living next to a safe and secure Israel.

We also need more active engagement from the Arab world. In that context, I welcome the Government's actions in supporting the Arab peace initiative, which offers the full normalisation of relations in exchange for Israel's withdrawal from occupied land. My right hon. Friend the Foreign Secretary is absolutely right when he speaks of

> "a 23-state solution—22 members of the Arab League plus Israel".

Only a peace agreement that has the support of the wider region can succeed.

In the few moments left available to me, I simply wish to refer to some of the impacts of the conflict in the United Kingdom. Since the start of the fighting in Gaza, more than 150 anti-Semitic incidents have been reported to the Community Security Trust from around the UK; more than 130 incidents have been reported in January, making it the worst month on record. The Gaza conflict is being used as an excuse for racism; anti-Semites are using an overseas conflict to justify their actions. Although most demonstrators voice their protests in an entirely legitimate way, there have been reports of many examples of anti-Semitic chanting, and of anti-Israeli demonstrations where Jewish, rather than specifically Israeli, symbols have been used on placards. It is despicable that we hear people on demonstrations outside the Israeli embassy in Kensington calling for the closure of Jewish shops in that area, that we hear incitement to violence and that there is violence against the police as a consequence. That is not the way that people in this country should behave. We have had a passionate but measured debate in this Chamber, and that is what we should see in the outside world. People feel strongly on both sides of this argument—Jewish people and Muslim people, those who support Israel and those who support the Palestinians—but the UK is a democracy and we must debate these issues properly

[Mr. Dismore]

and fairly, without anti-Semitism and without islamophobia interfering in the discussions, passionate though they may be.

4.42 pm

Mr. Hugo Swire (East Devon) (Con): Those of us who were rather cynical about the prospects of the Annapolis conference always thought it was not a question of if Israel went into Gaza, but when. It has been clear for some time that America has decided that the only way to deliver a two-state solution is to marginalise Hamas and promote Fatah. It is worth remembering that almost 43 per cent. of the people of Gaza voted for Hamas, largely because of the corruption and inefficiency of the Fatah-based Government in Ramallah. Unpalatable though it may be to some, although Israel is always cited as the only democratic country in the region, Gaza is being run by the representatives for whom it voted—Hamas won 74 out of 132 seats.

In fact, if there is a democratic deficit anywhere in the region, it is, unfortunately, perhaps in Ramallah itself: the Palestinian Legislative Council has not met for more than 17 months; not a single piece of legislation has been passed in 2 years; and President Abbas has ruled by decree since 2007, when Hamas took over Gaza. The greatest irony is that it could be argued that under basic Palestinian law, President Abbas is no longer legitimately President, as his term of office ran out last week, on 9 January—although I do concede that the law has been amended in order to say that presidential elections and legislative elections should take place at the same time. Violence has been meted out in equal measure by Hamas senior figures to Fatah senior figures and vice versa.

It is also worth remembering a point that I raised with Majalli Whbee, Israel's deputy Foreign Minister, when I was last in Jerusalem: that 46 democratically elected members of the PLC are under arrest in Israel, most of whom are from Hamas, including the PLC's Speaker. The deputy Foreign Minister told me that he had no knowledge of that, which was curious, and that he would get back to me. If he is listening to this debate, I am still waiting.

I was cynical about Annapolis because of the weakness of President Abbas and his ability to negotiate, even on behalf of the west bank. I was cynical about Annapolis because I could not understand how President Abbas could negotiate on behalf of the Palestinians when no one from Gaza was represented at the conference. I was cynical about Annapolis because it was President Bush's last desperate throw, and I was cynical because it was Prime Minister Olmert's last throw.

Why did Israel decide to go into Gaza with such violence now? It would be interesting to know whether it had planned to do so before, during or after Annapolis, and again I ask the Minister whether he has any knowledge of that. It is a good time for Israel because Livni, Barak, Netanyahu and Mofaz can show how demonstrably strong they are in the run-up to the February elections. The Israeli defence force had to show that it could reach out and hit hard against its enemies following the failure of the last war in Lebanon. It needed to demonstrate to Iran, through Iranian-backed Hamas, that Israel retained the ability, capability and desire to hit out at its enemies. It took the opportunity to fill a vacuum in the White House, created by an inert outgoing President and an incoming President who, regrettably, has given mixed messages to date on his attitude to the middle east process.

I have the honour and pleasure of being chairman of the Conservative middle east council. I, too, have visited Sderot, and I agree with my right hon. Friend the Member for North-East Hampshire (Mr. Arbuthnot) that what has happened there is intolerable. I have met children who are traumatised by what has happened, and I have seen their parents and their teachers. No one can defend what has happened. However, unlike my right hon. Friend, I heard from people there who felt let down by the Israeli Government because they were not given sufficient early warning or sufficient protection. It is no good saying that the Israelis cared for them in the way that has been suggested this afternoon.

It is worth pointing out that, according to Israeli Government figures, the number of rockets fired from Gaza was reduced from hundreds in May and June to total of less than 20 in the subsequent four months. Twenty is still unacceptable, but can the Israelis be sure that they were launched by Hamas? Could they conceivably have been launched by another organisation, such as Islamic Jihad, over which Hamas has little or no control? As there was no international monitoring mechanism, it is difficult to say with authority who is to blame for the breakdown of the ceasefire, although it clearly broke down when the Israeli forces launched major air and ground attacks on 4 November, killing six Hamas operatives.

It is impossible in the short time that we have been given this afternoon to discuss what is going on in the middle east. I have been to Gaza, and the problems have not arisen in the past 19 days; they have gone on for the past 19 months.

4.48 pm

Mr. David Winnick (Walsall, North) (Lab): I am certainly not an apologist for Hamas. I do not support its general attitude towards Israel or its philosophical attitude in wanting a religious state. I certainly do not support rocket attacks on Israel. They are not right, and I doubt whether that is how the Palestinian people in general want the dispute with Israel to be pursued. In connection with what my hon. Friend the Member for Hendon (Mr. Dismore) said, there can be no justification whatever for attacks on individuals in this country, whether Jews or Muslims, because of the situation in Gaza or anywhere in the world. Such attacks must be deplored, and I am sure that we all do so.

The way in which Israel has acted, however, since the invasion of Gaza has rightly horrified international opinion. It has certainly horrified me. Israel has demonstrated what can only be described as a totally callous indifference to civilian casualties. I do not accept the view that has been expressed by some who have put the Israeli viewpoint today that the reason for the civilian casualties is that Hamas has used schools, mosques and so on. I believe that Israel simply does not care how many casualties it has caused among civilians. It is indifferent, unfortunately, to Palestinian lives.

Reference has been made to the 315 Palestinian children who have been killed, as well as the 95 women, quite apart from the number of those who have been seriously injured. Some have been paralysed for life. I read yesterday of a four-year-old who has been paralysed for life, since her chances of a successful operation are very remote indeed. Her two sisters, aged eight and two, were killed outright as a result of Israeli action attacking their house. Can that be described as collateral damage?

I referred to international opinion, and if I am horrified by what has happened it is easy to understand what is felt in Arab streets. Would things be any different if what was happening had resulted in so many Jews around the world being treated in such a way? What would be the attitude of the international Jewish community if that was the case? I know what I would feel, and I am of Jewish origin. I would be protesting in the strongest possible way. If I would do that, should I not protest today, and at every opportunity, about what is happening to Palestinians? Are the lives of Palestinians worth less than those of Israelis? I cannot accept that for one moment.

Bearing in mind the excellent speech by my right hon. Friend the Member for Manchester, Gorton (Sir Gerald Kaufman), let me say that it is wrong to come to the conclusion that Jews all over the world somehow unanimously support what Israel is doing. Quite a number of Jews, in Britain and elsewhere, are not only opposed but are strenuously opposed, in every possible way, to what is being done. It certainly should not be considered that it is being done in the name of Jews.

The hon. Member for East Devon (Mr. Swire) is right: inevitably, there is a cynical feeling that as the election in Israel approaches, rival attempts are being made to show who can be stronger and who can stand up more to Hamas. It is very difficult to come to any conclusion other than that what has occurred since 1 January has to some extent at least been determined by the coming election.

Again, incidents have occurred and I want to mention just two, apart from what has happened today to the United Nations headquarters. Two UN schools were bombed, and 40 died. One other incident should not be overlooked. Israelis took more than 100 Palestinians to what was considered a safe house. What happened? Twenty-four hours later, the Israeli military shelled that same house, killing 30 or more. I only wish that my hon. Friend the Member for Liverpool, Riverside (Mrs. Ellman), who put the Israeli point of view—I respect her point of view, however much I disagree with it and however strongly I feel that she is wrong—had found herself in some way able to criticise what Israel has done.

I have always advocated a political solution. There cannot be a military solution. Israel cannot be destroyed and can defend itself against any group or state, so we need a political solution. I am afraid that I am not persuaded that Israel has yet reached the point where it genuinely wants a Palestinian state—not some kind of statelet or satellite, but a genuine, viable and independent state. When Israel comes to that point of view, and is really willing to negotiate in an honest manner to end the injustice that the Palestinians have suffered for so many years—more than 60, now—that will be the time for a political solution that, hopefully, will end the kind of bloodshed that we have seen in the past few weeks.

4.54 pm

Alistair Burt (North-East Bedfordshire) (Con): It is a privilege to take part in a debate in which extraordinarily well-crafted and well-expressed strong views have been stated with passion and honesty on both sides. I am a Conservative Friend of Israel, and have been for as long as I can remember. The organisation was started by my Conservative predecessor in Bury, Michael Fidler. I do not know any friend of Israel who is not profoundly saddened and distressed by the events that led up to the conflict in Gaza, and by the conflict itself.

I am also a strong supporter of the Christian relief organisation World Vision, and I have visited its work in Bethlehem. I was in touch with Charles Clayton, the director in Jerusalem, only today. I support the statement that World Vision issued, which says:

> "World Vision continues to hold all parties to the conflict responsible for protecting the rights of children. The life of every child in Gaza is currently endangered. The safety of Israeli children in areas near the Israeli-Gaza border is also at risk. World Vision is increasingly concerned about the lasting psychological impact of the current crisis amid reports of severe trauma among children."

We pray for all the work that the people in that organisation do, and for their safety.

My stance is the same as that which we have heard expressed by so many others. There is no argument about the horror of Gaza. The issue is what can be done to prevent the conflict from being yet another bloody chapter in a cycle of bloody chapters, with more still to come. I was at school in 1967 in Bury in north Manchester. I grew up with the 1967 war, not as a gentile inflicted with the guilt of the holocaust, but understanding what the phrase, "sweep Israel into the sea", actually meant to the families of the Jewish children with whom I was at school. As I became an adult, I thought that that expression of feeling about Israel had gone for ever. There was slow, gradual progress in the middle east, as enemies became perhaps not friends, but at least partners in doing something about the situation. Bilateral agreements were made, land was given back, and Israel came out of Sinai and Gaza. Slowly but surely, people managed to make something of the tragedies of the past.

However, there have always been those who would undermine that progress; those who resorted to terror—to suicide bombings or indiscriminate terrorist acts—and those who used terror as a cover for their state's views. There were those who had a mindset that just could not accept 1948; it was not that they did not know what to do with the occupied lands, but they actually did not accept the fact of 1948 at all. Eventually, it became possible for a state, Iran, to say, at the highest level that the state of Israel should be wiped from the map—again, that phrase comes back. Iran's proxies, Hamas, took action.

What was Israel to do about that, time and again? Nothing? Should its hands be tied? The right hon. Member for Berwick-upon-Tweed (Sir Alan Beith) put it accurately: what do the Israeli Government do when their citizens are constantly terrified? Nothing? Do they say, "There's nothing we can do?" What is a state to do when its opponents hide their weapons among children and in villages? Should it say, "We can't attack because there's a disparity in firepower?" That did not stop the NATO allies from attacking Serbia. Disparity in firepower does not stop our work in Iraq and Afghanistan. So what is Israel to do?

Mr. Alistair Carmichael (Orkney and Shetland) (LD): Will the hon. Gentleman give way?

Alistair Burt: No.

Sooner or later, the attacks and the rockets become Gaza, today. If the tragedy of Gaza, and the lives now being lost, are not to be part of a bloody chapter and lost in vain, the peace and the ceasefire that come about as a result of the conflict have to be lasting. There is only one way in which that can be ensured. Hamas, its allies and the states that support it have to move, and have to be seen to be moving, inexorably towards an acceptance of the state of Israel and an absence of terror. The situation has to stop. If that acceptance were stated tonight, the Israeli troops would be out of Gaza. We have to find a way in which that can be done.

It has started to become acceptable to say, "Perhaps there's an answer with no Israel." That mindset has crept into world politics again; it has to go. The terrible conflict will continue until those who give any form of support to that mindset can be prevented from going to the people who have it and saying, "Israel has to go."

History in the middle east is important. It is important anywhere, but perhaps it is more important in the middle east than in most places. However, sooner or later, the past of our fathers and grandfathers has to be seen as less important than the future of our children. Every great conflict between peoples and nations has had its answer, with somebody, somewhere being prepared to let go.

Mr. Mark Hendrick (Preston) (Lab/Co-op) *rose—*

Alistair Burt: Over a period of decades, Israel has let go a number of times. Now we have to see another side be prepared to let go of its past to make progress in future. Only if the future and the present become more important in the middle east than the past will we see an end to this.

Mr. Hendrick: Will the hon. Gentleman give way?

Alistair Burt: The hon. Gentleman can make his own speech.

5 pm

Mr. Parmjit Dhanda (Gloucester) (Lab): I was fortunate to represent the Government for a year as Minister for community cohesion. One of my roles was to try to tackle radicalisation, particularly in the Muslim community, and to work with the Jewish community to try to protect it from anti-Semitism. I support but also pity my successors, because what is going on in Gaza will make their lives extremely difficult. I am pleased and proud about the bonds and relationships that we managed to strike up, not least those with the Chief Rabbi and the Board of Deputies, and I think that we achieved some great things. However, I am afraid that we are going to see—and Jewish friends tell me that it is already starting to happen—a greater incidence of anti-Semitism as a consequence of what is happening and, I can only assume, greater radicalisation in the UK, as people become angry about the scenes that they see on their television sets.

What of Gaza itself? If things carry on as they are—I would not just call it something disproportionate or call it a war; it has become a slaughter, it is so severe—I fear that Gaza will end up as nothing but bandit land when this all over and done with. Ultimately, it will not be Hamas that the Israelis have to deal with but far more extreme organisations such as al-Qaeda—both the core organisation and its derivatives—which will make life much harder.

In my constituency, in the past few days, I was fortunate enough to spend some serious, good time with young Muslims who are trying to do everything that they can to keep the bonds of community in the local area. Three young girls—Afifa, Tasnim and Suphiya—took it upon themselves to organise a march in the town centre last Saturday. Nearly 300 people attended, and they were determined that it should be about children, women and people of all faiths showing sympathy for people who had been killed on all sides of the conflict. They wanted to make it clear, too, that they condemned the rockets from Hamas, as well as the disproportionate action by the Israeli military.

The TV pictures are graphic. We have seen footage of children with bullet holes caused by bullets that have not ricocheted but have gone clean through their bodies. The United Nations has used the most condemnatory language imaginable after its schools were hit in the incident described by my hon. Friend the Member for Walsall, North (Mr. Winnick). Constituents have raised another incident with me that disturbed them a great deal. Children were left starving, clinging to their mothers' dead bodies, as the Israeli military would not allow rescue workers into a building for four days. All those things, I fear, are likely to heighten the radicalisation in the UK and across the world and, ultimately, will not help the Israeli people or their Government.

There is no military solution. At the end of the day, all parties must get together and talk, and I must tell my hon. Friend the Minister that we have heard some extremely interesting contributions on the subject of Hamas and the fact that is a democratically elected organisation. What do we do, and what will the incoming US President do, with regard to the dialogue with Hamas? As difficult as elements of Hamas are to deal with, what do we do to ensure that that dialogue takes place?

In the very brief time that I have left, I want to talk about the meeting that I and a delegation of Labour Friends of Israel had with Shimon Peres. It is worth looking at some of the things that he has said and written over the years about the relationship of Israel and the Palestinian territories with Europe. He has proposed that Israel might one day become a member of the EU, and I have no problem with that. However, we would have to ensure that the necessary leverage and strict provisos were in place to ensure that Israel lived in harmony and peace with its neighbours and that it respected the human rights and territory of the Palestinian people.

If we could get those safeguards in place, it might be that Shimon Peres is on to something. Right now, when so much carnage is taking place, that sounds as realistic as any other solution.

5.5 pm

Clare Short (Birmingham, Ladywood) (Ind Lab): I want to use the six minutes available to me to report on a recent visit that I made with European parliamentarians to Gaza, and to try and correct some of the propaganda and untruths that have been spread across the airwaves and that have been repeated here in the Chamber today.

We visited in early November, and we found Gaza to be besieged, with people suffering acute shortages because Israel had closed the crossing-points. Schools lacked paper, pencils and pens, and there were shortages of food, drinking water, drugs, medical equipment and virtually everything else. As a consequence, nearly half the children and most of the women in Gaza are anaemic. The main hospital was under great strain even before the present terrible bombardment began, and the president of the International Committee of the Red Cross testified yesterday that it is now in an absolutely terrible condition.

There is also a terrible smell of sewage along the sea front, because Israel will not allow the importation of the parts needed to build an essential sewage treatment plant. Civil engineers are available and money has been committed, but Israel blocks the project, with the result that raw sewage goes into the sea. Also, the Israeli navy fires on and attacks fishermen if they go beyond a few miles out. Hungry people therefore eat polluted fish and are constantly sick.

As we left, Israel blocked the import of EU-supplied fuel, with the result that the power plant—which had already been partly bombed—had to stop operation and most of Gaza was cast into darkness. Thus, the people of Gaza were besieged and suffering even before the terrible bombardment began on 27 December.

The present problems all flow from the response by Israel, the EU and the UK to the Palestinian people daring to vote for a Hamas Government in January 2006. Those elections were monitored by large numbers of international observers, all of whom said that they were free and fair. After the elections, however, the UK and EU adopted an approach that cravenly supported extreme Israeli and, of course, US policy. They refused to recognise the properly elected Hamas Government and instead set out to divide and rule the Palestinian people.

That approach was justified by the claim that Hamas is a terrorist organisation. The claim has been repeated today, but what does it mean? As the hon. Member for Birmingham, Northfield (Richard Burden) said earlier, international law holds that people in an occupied territory are entitled to resist occupation. They are not entitled to target civilians—no power is, although Israel is never held to account for what it does. In fact, Gaza's home-made rockets cannot be targeted accurately, so they illegally injure civilians. That is wrong and has been denounced by everyone.

However, we need to be clear about proportionality, which is one the conditions of the international rules of war. According to the Israeli human rights organisation B'Tselem, in the seven years between the first of those primitive rockets being launched and the start of the current massacre, the rockets killed 13 Israelis and one foreigner. That is terrible but, in the same period, Israel killed 4,781 Palestinians: nearly 3,000 of them were in Gaza, and one in seven of them was a child. How can the rockets justify the current slaughter? It is all regrettable, but the slaughter is not justified by the rockets. It is disgraceful that the claim that it is has been repeated constantly in this Chamber.

In addition, there was a ceasefire negotiated through Egypt. Hamas held to it for five months, but Israel breached it in an amazing assault in early November and by its intensification of the blockade. The fact that Hamas agreed to the ceasefire and held to it has been written out of the picture and is never brought to public attention. So all these claims that the rockets justify the attack or that Hamas would not agree a ceasefire are untrue. Just as in the case of the Iraq war, the slaughter is justified by a constant litany of lies. That is one of the things that is enraging young Muslims in our country and across the world.

Once we were in Gaza, we met the elected parliamentarians who were not in prison—there were pictures in the Parliament of all those who had been imprisoned by the Israelis—and we had detailed discussions with Prime Minister Haniya. He said that the west had asked three things of them before it would recognise Hamas's authority and negotiate with it: first, to recognise Israel; secondly, to halt violence; and thirdly, to accept all previous agreements negotiated with the PLO. He said that Hamas had responded by saying, first, that if a Palestinian state was established on 1967 boundaries, it would recognise the agreement and declare a long-term ceasefire. It has already been made clear that that is its position. That is another thing that is lied about.

Secondly, Hamas had negotiated and held to a ceasefire. That, therefore, dealt with the claim about violence. Thirdly, on previous agreements, notably Oslo, which it thought a very bad agreement—and I agree: it undermined the position of the Palestinian people—it recognised that the agreement was properly reached by the PLO, which had the authority to do so at the time. So it seems to me that Hamas has met the demands of the west, yet still no negotiations and no contact occur. Instead, the present massacre is allowed to take place.

Why will the UK and the EU not recognise Hamas? Why will the UK not hold Israel to international law? Why do we not take action under the Geneva convention? We are completely unbalanced. On the basis of international law, there could be a settlement. The UK and the EU allow Israel to break the law, so there cannot be peace and a settlement. The trouble will go on indefinitely and we will all reap the wreckage of it.

5.11 pm

Mr. Chris Mullin (Sunderland, South) (Lab): The right hon. Member for Birmingham, Ladywood (Clare Short) has put some valuable first-hand information on the record this afternoon in what has been a pretty good debate. The hon. Member for North-East Bedfordshire (Alistair Burt) asked what Israel was to do in response to the rockets fired at it. In the 1970s and 1980s in this country, we suffered a number of terrorist atrocities that killed large numbers of our citizens and were indiscriminate and absolutely unforgivable, but we did not go and level west Belfast in response. Governments of both persuasions looked for a way of establishing contact with the perpetrators and at seeing what could be done to engage with them. Ultimately, after 20 patient years, we achieved peace.

I hold no brief for Hamas, but I am sorry to say that Israel has only itself to blame for the rise of Hamas. If Israel had made more effort to engage with moderate Palestinians and dealt with its own fundamentalists, the extremist virus, if that is what it is, would have never have taken hold in Gaza.

[Mr. Chris Mullin]

I shall make three points. The word "unacceptable" has been used by spokesmen on all three Front Benches this afternoon. In the circumstances, the word "unacceptable" is not wrong, but it is wholly inadequate, given what we have witnessed in the past few weeks. I, like others who have spoken, believe that what we have witnessed are war crimes. They are out of proportion to the undoubted provocation that has occurred.

The use of white phosphorous flares has been mentioned. Those are imported from the United States, incidentally. The other day the Israelis dropped a 1 tonne bomb on the house of a Hamas leader in a crowded residential area. They killed him, they killed his family and they killed many of his neighbours. Anyone who drops a 1 tonne bomb on a crowded residential area is not entitled to be surprised by the consequences. Today, I gather, they have been shelling multi-storey housing blocks, in addition to the UN compound. I accept that they do not target civilians, as Israeli spokesmen repeatedly say, but they do not care whether they hit civilians or not. That has been clear. I also agree with those who said that it is utterly counter-productive from the point of view of Israel to proceed in this way. It will not stop the rockets and it will recruit a new generation of young men and women to extremist causes because of the experience that they are undergoing now.

My second point is that I do not believe that, under its current management, Israel has any intention of allowing a viable Palestinian state to be built. One has only to look at the advance of the settlements across the west bank—330,000 people are living there at the moment, and 12,000 came immediately after Israel pulled 8,000 people out of Gaza. It has been importing zealots from all over the world. They are not the original citizens of Israel or their heirs; people from comfortable addresses in Brooklyn have been brought in to colonise the west bank—and those people have a fall-back position if it all goes wrong.

A while ago in my constituency, I attended a talk given by a Christian woman from Bethlehem. She brought slides that showed how this accursed wall that Israel has built surrounds the city and described the humiliation that its citizens, Christian and Muslim, have to go through to get in and out. She told of how the situation has collapsed the economy. The wall appears to be in large part about stealing Palestinian land, because it separated a lot of farmers from their olive groves. The wall diverts to take in places of historic interest and goes right up against people's houses. It may be about defence in part, but I believe that it is also to a large extent about stealing land. I do not believe that the people who built the wall are fundamentally interested in achieving a two-state settlement.

I understand the position of Her Majesty's Government. They have tried to adopt a balanced and restrained approach. I commend their efforts to achieve a ceasefire, but it is time to recognise that we and the European Union have no influence whatever on the current Israeli Government. The only country in the world with such influence is the United States, which has chosen consistently and over a long period not to use it.

Clare Short: The EU has a trade treaty with a human rights conditionality that gives Israel privileged access to our markets. Should we not just invoke the conditionality? That is serious leverage, and we should use it.

Mr. Mullin: The right hon. Lady anticipates me—we should indeed do exactly that, and one or two other things besides.

I was discussing America. I hope that things will be different under President Obama, but I am not optimistic given the extent to which the Democratic party is dependent on Jewish votes and how well organised that lobby is in the United States. The only influence that we can use is with the new Administration in the United States; we do not have any serious influence that I have noticed with the Israeli Government, and neither does any other EU country.

Finally, the only way forward for us, faced with what we have witnessed in recent weeks, is sanctions of one sort or another. They could be economic and relate to trade agreements with the EU, as the right hon. Lady mentioned. They could be military—we certainly should not be selling weapons to the Israelis; why we are still doing so is a mystery to me. Sanctions could also be diplomatic. In the circumstances, it would not be unreasonable to think of withdrawing our ambassador to Israel and sending the Israeli ambassador home.

5.18 pm

Richard Younger-Ross (Teignbridge) (LD): There have been a number of excellent speeches this afternoon. I commend the hon. Member for Sunderland, South (Mr. Mullin) for making some excellent points and I should like to bring light to what was said by the right hon. Member for Birmingham, Ladywood (Clare Short), who spoke with passion about the reality on the ground in Gaza.

The hon. Member for East Devon (Mr. Swire) touched on the historic nature of the issue, and a number of Members have tried to clutch at some point at which all this started. There is a great temptation for some to say that it all started when Hamas, or whoever, started firing rockets into Israel. That is a very simplistic way of looking at this conflict, and it takes us nowhere.

A couple of years ago, I visited Jerusalem and Bethlehem. In Bethlehem, I bumped into an old lady on the streets and was introduced to her as a British Member of Parliament. She said, "I'm glad you've come because you need to sort out the mess that you started." In some people's view, the history of the problem goes right back to the 1920s. To argue that a person is guilty for this or that action takes us nowhere.

I wish briefly to discuss a small incident that affects a constituent of mine, and then touch on a general point about war crimes. On 30 December 2008 at about 05:30 hours EMT, an aid ship, the MV Dignity, was 53 miles off the coast of Israel when it was rammed by a coastguard cutter vehicle from the Israeli navy. It bore a Gibraltar flag and therefore sailed with British protection. There were 16 passengers on board, and aid to be taken to Gaza. There were three doctors—one Irish, one English and one Palestinian. Also on board was Cynthia McKinney, an American Congresswoman, and reporters from CNN and al-Jazeera. The ship was organised by the Free Gaza Movement.

The ship left Larnaca, Cyprus, at 7 pm on the evening of 29 December. At 4.55 am on 30 December, it was about 70 miles off the Israeli coast when those on board saw big searchlights at the stern. For about 30 minutes, the searchlights hovered around them, occasionally being taken away and brought back on. Flares were put up into the air by the Israelis. Two gun boats had been circling them for this period, with no radio contact despite calls from the master of the Dignity. The Israelis turned off the searchlights and all went quiet. Then, without warning, there was a massive crash in the bow, the Dignity began to splinter and suffered severe damage to the bow. The Dignity began to take on water but, thankfully, was not sinking. The master of the Dignity immediately put out a mayday call but got no response. The Israelis eventually spoke, stating that those on board were terrorists and threatening to shoot at the Dignity. They demanded that the Dignity return to Larnaca, but it did not have enough fuel to do so. Eventually, the Dignity received help from the Lebanese and headed for Lebanon guided by the Lebanese navy.

That prompts serious questions about the conduct of the Israeli navy, in that it can make an unprovoked attack on a ship taking aid and supplies to the people of Gaza. If the Israelis genuinely thought that there were terrorists on board the ship, why did they not do what any British naval vessel would do—try to board it? Why did they not try to find out what was being carried on the ship? No—instead they rammed it, putting everyone's lives at risk. I know that the Foreign Secretary has promised to look into this incident, but I hope that there will be a full investigation. If these events are proved to be true, I hope that the Israeli ambassador will be called in to see the Foreign Secretary so that it can be explained to him that this is not acceptable behaviour and is against the laws of the sea.

Let me turn briefly to the issue of war crimes. If white phosphorous has been used—it looks very likely that it has—and one looks at the overall way in which the Israelis have hemmed in and treated the Palestinians in Gaza, they have committed war crimes. People will argue that it was a one-off, that it was an accident and they did not mean to do it, or that it was justifiable in the circumstances. However, if a nation has a track record of breaking international law in such incidents, one has to question what people's motives were and whether they really knew what they were doing. In Lebanon, 1 million unexploded cluster bombs were left lying on the ground, 90 per cent. of which were fired in the last 72 hours before the deal was done in New York and the start of the ceasefire. If that is not using cluster bombs as mines, I do not know what is, and that is a war crime.

5.24 pm

Dr. Phyllis Starkey (Milton Keynes, South-West) (Lab): We have heard some excellent speeches, and I associate myself with the remarks of the right hon. and learned Member for Devizes (Mr. Ancram). I add my voice to his in saying that the moderate elements of Hamas must be engaged in the discussions on the way forward.

I wish to make three points to which I hope the Minister will respond. First, after the ceasefire—we all hope that it will be immediate, although we have been saying that for rather longer than we ought to have to—it is absolutely imperative that measures are put in place to stop the previous cycle. In that cycle there has been a ceasefire, then measures put in place that create a period of quiet, during which the underlying cause of all the problems, which is the Israeli occupation, is deepened, not lightened. The violence then breaks out again and we go through the cycle for the nth time.

The conditions that are put in place after the ceasefire, with international observers, must protect not just the rights and security of the Israelis by preventing armaments from being smuggled for use against civilians, but the rights and security of Palestinians. Thus far, all agreements have failed to respect and protect their rights and security, and the Israelis have no interest in doing so—quite the reverse. The international monitors, observers, forces or whatever they are must protect the rights and security of the Palestinians not just in Gaza but in the west bank and East Jerusalem: only then will we stop the continuous expansion of settlements, the roadblocks and the Israelis' ability to nip in any time they fancy and assassinate somebody whom they think might be about to threaten them.

My second point is about the serious allegations of human rights abuses, which have been detailed by a number of hon. Members. They have been made by the UN, which we have a duty to support, not by some tin-pot reporter from *The New York Times*. They have been made also by the International Committee of the Red Cross and a variety of human rights organisations, including Israeli ones. There have been attacks on a United Nations Relief and Works Agency convoy and on UNRWA schools. I am sorry that the hon. Member for Hendon (Mr. Dismore) is no longer in his place, because UNRWA was there at the time and states categorically that there were no militants in that school or anywhere near it. I really do not know how some reporter from *The New York Times* coming in afterwards, presumably embedded with the Israeli troops, has anything to offer.

There have also been attacks on ICRC and UN personnel and ambulances. Children and other civilians have been shot in the chest and head. There was the white phosphorus attack on the UNRWA headquarters, which halted all aid, as well as attacks on a media building and a wing of the Shifa hospital. The most sickening thing was that at the very moment today when the Israeli Defence Minister was at last admitting that Israel did hit the UNRWA site and that it was a "grave error", the Israeli spokesperson Mr. Regev was still on television saying, "Oh, well, it wasn't us. It was probably Hamas. How do you know it wasn't them who were dropping phosphorus?" I hope that that destroys his credibility, if he had any, once and for all.

The Israelis have a stated policy of what they regard as acceptable civilian deaths. It was printed in the *Washington Post* in 2006. At that time, the agreed Israeli policy was that it was okay to attack militants, as long as only up to 3.14 innocent civilians—a precise little figure—were killed for every terrorist killed. If children were killed, the number was a bit more stringent. The exact figure was not given, but it was fewer than three civilian deaths allowed. That was the Israelis' policy, in writing, in 2006. I have no idea what it is now, but it seems to have been multiplied by about 100. The UK Government must support independent investigations into the abuses and make sure that Israel is held accountable.

[Dr. Phyllis Starkey]

My final point is about the EU trade agreement. I am glad that the European Parliament has held back from ratifying it and that the European Commission has stopped all discussion. The trade agreement is a privilege, not a right. It for us in the European Union to give, not for Israel to demand. It has human rights clauses, and when it was introduced in Parliament, the then Conservative Minister William Waldegrave gave Members clear assurances that if those clauses were breached, the agreement could be suspended. That is what we should do now, as they have clearly been breached. Israel has breached and effectively suspended the agreement by breaking its part of the bargain.

I want our Government to insist that the EU convoke the responsible human rights sub-committee to examine the evidence of human rights abuses. It should examine not just those in Gaza but, for example, the fact that Israel has just banned the two Arab parties in Israel from participating in the elections, thus effectively disfranchising the one fifth of the Israeli population who are Arab-Israelis. That is not in line with EU principles of human rights and democracy. Such actions have disqualified seven elected Members of the Knesset from standing again. All the examples that I have outlined are unacceptable and contrary to Israel's claims to be a beacon of democracy. The human rights abuses have breached the agreement, and we must work in the EU to suspend it; otherwise, all our human rights clauses become dead letters and the EU will be unable to uphold its intrinsic values of human rights and democracy.

5.30 pm

Mr. George Galloway (Bethnal Green and Bow) (Respect): I say to the Chair of the Foreign Affairs Committee, who is not in his place, that the international community is not impotent, but merely feigns impotence as an excuse for its failure to carry out its duties. Although the Minister's words were more robust, he essentially masked the same inaction as the languid and complacent Foreign Secretary, who performed in front of us on Monday.

Compare and contrast British diplomacy on the subject that we are discussing with our response to Zimbabwe or, more particularly, the Russian conflict with Georgia. The Foreign Secretary was everywhere then, lecturing the Russians on what they must do. He even flew to Kiev, stood on the dividing line, and told Russia what the international community required of it.

On Gaza, our Ministers boast of writing a UN resolution, which has been completely ignored. I would be embarrassed to say that I was the author of a resolution—which passed, not with international consensus, as the Minister claimed, but with the abstention of the United States, the only vote that mattered—if it were then ignored and the Government had no intention of doing anything to make its terms effective. That is what we have.

The Foreign Secretary says that he does not want what he calls gesture politics, which were supported widely in the House today, such as an arms embargo, recalling ambassadors and requiring the withdrawal of Israeli ambassadors, because he does not want to isolate Israel. However, he and the Government were at the forefront of those who isolated the elected Government of Palestine, which was Hamas. They do not like to talk about it now. They prefer to talk about President Abbas, who illegally occupies the presidential seat in Ramallah. They refuse to acknowledge that the Palestinian people voted for Hamas.

I have never been a supporter of Hamas. Like the noble and right hon. Member for Manchester, Gorton (Sir Gerald Kaufman), I was, all my life, a supporter and friend of the late President Arafat. The Israeli attitude to President Arafat and Fatah when they were in power was exactly the same as their attitude to the Palestinian Administration of Hamas. Israel drowned Arafat's Administration in blood through a policy of assassination, settlement, wall building and economic embargo. The British Government wholeheartedly supported the embargo on Gaza to punish the Palestinian people for voting for a Hamas Administration.

The Government's double standards in this affair are so brazen that people outside are boiling with rage. If that is not so clear in this building, people outside are furious. The danger of radicalisation, especially of the Muslim youth in this country, is clear and present. The Government are always looking for some cleric to whom to refuse a visa, or some Islamic organisation to proscribe to try to curb radicalisation. How radical does the Minister believe that British Muslims feel now, as they watch on the news the bombing of the United Nations Relief and Works Agency and the slaughter of children that has been adumbrated here today? The Government's policy of tackling extremism and radicalisation has been set back by their complacency and ineffectual policy on Gaza, especially when compared with their militancy on subjects such as Russia and Georgia.

I do not have time to say all that I have to say, but I want to say something to those who have been boasting about going to Sderot. I am amazed at how many Members of Parliament have been to Sderot. Did any of them see the ruins of the Palestinian villages on which Sderot is built or the ethnic cleansing of the Palestinian people from Sderot and the south of Israel? Did any of them know that the refugee camps of Gaza are filled with the people who used to live in the villages on which Sderot is built?

This did not start on 27 December. With respect to the hon. Member for Milton Keynes, South-West (Dr. Starkey), who made a great speech, it did not even start in 1967, when Sderot and other places were cleared. It started in this building, when Arthur Balfour, on behalf of one people, promised a second people the land that belonged to a third people. We are the authors of this tragedy.

Everything that has flowed has flowed as a result of that declaration. For that reason, if for no other, the British Foreign Office needs to pull its finger out and stand up and be counted, alongside the British people demonstrating on the streets of London, Birmingham, Manchester, Leeds, Edinburgh, Glasgow and elsewhere. Let us see some urgency from the Minister. Action speaks louder than words. So far, we have had no action from this Government at all.

5.36 pm

Mr. Mohammad Sarwar (Glasgow, Central) (Lab): The sustained acts of brutal aggression to which the inhabitants of Gaza are being subjected at the hands of the Israeli Government are simply unacceptable and must be condemned. Such acts of aggression are not just disproportionate; they are outrageously disproportionate.

In its heavy-handed approach, the Israeli military has given a terrifying display of its military might, killing more than 1,000 people, including 300 children. Does the Israeli Government truly believe that those innocent young children were terrorists firing rockets? The Israeli Government are also responsible for injuring more than 4,000 people, destroying thousands of homes and reducing countless buildings to their foundations. In doing so, not only have they broken established rules of international law, but they have brought shame on humanity and the entire world.

The brutal scenes that we have witnessed on our television screens and read about in our newspapers have horrified the vast majority of the British public, including in my constituency, who support the Palestinian cause and feel strongly that we have so far failed the Palestinians in the current crisis. I pay tribute to the tens of thousands of people who have peacefully marched and demonstrated throughout the UK to show their solidarity with the people of Gaza at this difficult time and to demand an end to the bloody violence.

The call for peace has come from members of all faith communities. I would like in particular to thank the group Jews for Justice for Palestinians for its recent statement in *The Times*, which was signed by more than 500 Israeli academics, artists and writers, calling for an immediate end to the slaughter in Gaza. They have asked for an end to the blockade, the opening of dialogue with Hamas, without which there can be no durable peace, an investigation into war crimes that may have been committed by any party to the conflict and the suspension of the EU-Israel association agreement until Israel fulfils the basic human rights conditions on which it is predicated. I congratulate Jews for Justice for Palestinians on issuing that statement.

It is important to stress that the actions of the Israeli Government should not reflect negatively on Britain's Jewish community. As my right hon. Friend the Member for Manchester, Gorton (Sir Gerald Kaufman) pointed out, such acts go completely against the ethos and morals of the Jewish faith. The atrocities being committed by the Israeli Government will do nothing to achieve peace and stability in the region. They will only cause more hatred and suffering, further damage and delay any possible peace process and make the world a more dangerous place, giving a propaganda victory to terrorist groups, which will use them to mobilise more support and radicalise young people around the world. The humanitarian situation in Gaza is now desperately dire as several aid agencies have reported that Gaza's population of 1.5 million is in urgent need of food, shelter, fuel and basic medical aid. That follows on from months of deprivation arising from Israeli restrictions and the siege.

It is important to clarify a couple of myths put forward by the Israeli Government. This conflict did not begin 19 days ago with the firing of Hamas rockets into Israel. It began 60 years ago with the illegal occupation of Palestinian territories. The ceasefire in Gaza was not broken 19 days ago by the firing of Hamas rockets into Israel. It was broken 10 days into an agreement previously made by Israel to end the inhumane siege of Gaza. The Israeli Government have, throughout the current crisis, used their military might to cause the relentless destruction of infrastructure and they have inflicted misery on innocent Palestinian people. In their excessive use of military force, they have shown little, if any, restraint while wreaking utter carnage in Gaza. It is time that we began to hold them to account. After 60 years of waiting for peace and justice—60 failed years—we owe it to the people of Palestine to find a lasting solution to this conflict.

5.40 pm

Mr. Keith Simpson (Mid-Norfolk) (Con): As a number of hon. Members have said, this has been an excellent debate. There have been somewhere in the region of 20 speeches, many of which were made with great passion. In the two years in which I have been a member of the shadow foreign affairs team, I have attended many debates on the middle east, and I recognise that many hon. Members who speak in these debates often take one side or another, but they usually speak with a great deal of generosity. This week we have debated the tragic subject of Gaza three times: after the statement on Monday, during Foreign Office questions on Tuesday and in this debate.

I shall touch briefly on the contributions of five of my right hon. and hon. Friends. My right hon. and learned Friend the Member for Devizes (Mr. Ancram) spoke with a great deal of knowledge not only of the middle east, but of the difficult task of trying to negotiate between two groups of people whose policies and views it is almost impossible to reconcile. He has done that in Northern Ireland, and he is doing it now in the middle east. My hon. Friend the Member for Hertsmere (Mr. Clappison) has always been a staunch supporter of the state of Israel, and is a pragmatist in many respects. He argued strongly that whatever immediate solution came about, we needed to move beyond a ceasefire.

My right hon. Friend the Member for North-East Hampshire (Mr. Arbuthnot), Chairman of the Select Committee on Defence, is a firm supporter of the state of Israel, and he spoke in a considered, sympathetic and balanced way. My hon. Friend the Member for East Devon (Mr. Swire) spoke with great conviction and knowledge about the situation in Palestine, and emphasised the point that, in many respects, the situation among the Palestinians in Gaza was more representative and democratic than that in the west bank. Finally, my hon. Friend the Member for North-East Bedfordshire (Alistair Burt), who is also proudly a keen supporter of the state of Israel and—I say this in the best possible way—a true Christian gentleman, argued about the almost conflicting situation of bringing together an independent state of Israel and a truly independent state of Palestine.

I want to touch on three or four themes. Hon. Members quite rightly emphasised the impact of the killing of hundreds of Palestinian civilians under the assault of the Israeli defence forces. I recognise that most hon. Members have accepted that that is perhaps down to the law of unintended consequences, and that those civilians were not directly targeted. Hon. Members on both sides know, however, that fighting in built-up areas with a civilian population will lead to civilian casualties. As my hon. Friend the Member for Aylesbury (Mr. Lidington) and the Minister said, if accusations are made about war crimes or the breaking of the rule of the law of war, they should be fully investigated and, if necessary, charges should be brought.

[Mr. Keith Simpson]

One of the problems in this debate is how, if we are to hold Israel to account, we are to hold to account a political party such as Hamas, which might also break the laws and rules of war. How are we to bring to account people who use civilian sites and use weapons against civilians? That is much more difficult to achieve, and we should not resile from that point of view.

The Minister and others argued about how to establish a ceasefire. I am with the majority of colleagues who spoke in today's debate in saying that a ceasefire or truce will once again be only a temporary band aid for the problem. In the case of other ceasefires, not only in Gaza but on the border with Lebanon, the problem has merely been freeze-framed for a certain period. As my right hon. and learned Friend the Member for Devizes and others have said, we will succeed only if we involve the international community directly, and it will take many months, if not years, of great commitment.

As several Members have said, without such commitment by a United States Government over a long period, I suspect that we will not get the movement that we want, on either the Israeli or the Palestinian side. It is not just a question of the United States of America bringing pressure to bear on Israel, but of the United States having the political, diplomatic, military and economic clout to bring pressure to bear on other regional powers. Several Members referred to the importance of the role of Egypt and Syria, but countries such as Saudi Arabia and the Gulf states must also be directly involved. If we do not do that, we will be back here in a few months' time, having had a ceasefire or a truce, another international problem will have emerged, while this one will have gone back down the agenda, and we will face another crisis.

I am particularly concerned about the state of public opinion in Israel. As a consequence of any immediate ceasefire, it seems to me that the Israelis will think that they have only bought themselves a temporary truce. They will not have beaten Hamas militarily—they will perhaps have pushed Hamas back through a limited military action. However, as many Members have said, they will have been damaged in world opinion as a result of the images that have been projected of the suffering of the Palestinian people. That will be a political defeat.

What is the role of the United Kingdom? We have diplomatic influence. We have a great commitment to humanitarian aid, which is of fundamental importance and is supported overwhelmingly by the British people, who want to see more of it. We also perhaps have some influence over an Israeli Government, who, I fear, will get into a siege mentality. As several Members have emphasised, our own Jewish and Muslim communities will be continually radicalised by the escalation of the conflict. The blowback from that will affect all of us. Any young Muslim or Jewish person watching the conflict is in danger of bringing it back here on to our streets and into our schools. It is therefore in our most narrow, pragmatic interests to be seen to be doing all that we can to resolve the problem.

My final point is that we have so far been fortunate that the conflict in Gaza has not spread to the west bank, or, apart from a few rockets, to the border with Lebanon. We are always in danger of an outbreak of conflict, as we have seen, developing into a regional war. A regional war with missiles, and with at least one country possessing nuclear weapons, and another that might be about to have nuclear weapons, is a frightening prospect.

5.45 pm

Bill Rammell: With the leave of the House, Mr. Deputy Speaker. We have had a good debate, but the division of opinion that it has revealed across all parties underlines the difficulty of securing a resolution of the problems in the middle east. Powerful contributions, demonstrating real concerns, were made by my hon. Friend the Member for Birmingham, Sparkbrook and Small Heath (Mr. Godsiff), the right hon. Member for North-East Hampshire (Mr. Arbuthnot), the hon. Member for East Devon (Mr. Swire), my hon. Friend the Member for Walsall, North (Mr. Winnick), the hon. Member for North-East Bedfordshire (Alistair Burt), my hon. Friend the Member for Sunderland, South (Mr. Mullin), the hon. Member for Teignbridge (Richard Younger-Ross), the hon. Member for Meirionnydd Nant Conwy (Mr. Llwyd) and my hon. Friend the Member for Glasgow, Central (Mr. Sarwar). I shall try to respond to all the specific questions that I was asked; I hope that I shall have enough time to do so.

The hon. Member for Aylesbury (Mr. Lidington) began by asking me about the attack made on the United Nations Relief and Works Agency today, and the effect that it would have on the distribution of aid. The honest answer is that it is too early to make an assessment of the impact of the bombing. Nevertheless, it will undoubtedly have some impact, and it reinforces the calls that we have made urging all parties to respect their obligations and ensure the safe and unimpeded passage of humanitarian aid.

My right hon. Friend the Member for Manchester, Gorton (Sir Gerald Kaufman) made a very powerful contribution. He rightly referred to the equal importance of Jewish and Palestinian lives. He also referred to the Hamas boycott. We need to be clear about the fact that the Arab League has mandated Egypt to talk directly to Hamas. We are in regular contact with both parties, and I think that that is the right thing to do.

The hon. Member for Kingston and Surbiton (Mr. Davey) made a balanced contribution. I think that when he said that the Israeli action was a disaster for Israel, he was at the very least advancing a powerful argument that needs to be listened to. There is, I think, a real risk that as a result of actions that are being taken, extremists will be strengthened and the moderates will be undermined. The hon. Gentleman referred to the European Union upgrade suspension. Let me make the position clear. Neither the European Commission nor the European Union more widely has made any decision on the future of the EU-Israel relationship. The context of the EU-Israel upgrade, as set out in the conclusions of the General Affairs and External Relations Council in December, was that a backdrop of continued progress on the middle east peace process was important in parallel. The European Union will in due course rightly revisit the question of the upgrade, given that the context has clearly changed, but I strongly believe that for the present we should focus all our energies on securing and sustaining the ceasefire.

The hon. Gentleman also asked for reassurance on arms sales. Let me repeat what the Foreign Secretary said in the Chamber on Monday. Several Members referred to the arms embargos of 1982 and 1994, but they were established before the consolidated criteria introduced by the Government post-1997. We have some of the toughest arms export controls in the world. We do refuse export licences when we believe that they would be used for the purpose of internal repression or external aggression. I know that to be the case: as a Minister, I have refused such applications. We assess applications against the risk of licences being used in operations such as Operation Cast Lead. I think that that provides the reassurance that Members have sought.

My hon. Friend the Member for Liverpool, Riverside (Mrs. Ellman) presented some powerful arguments in support of Israeli citizens who have been and are under constant rocket onslaught. I say to her, as a friend, that I do not think she helps the legitimate cause that she advocates by sidestepping the genuine horror that members of all parties feel about the loss of 300 innocent children, and the absolute necessity for Israel to do everything possible to avoid such deaths.

I recognise the passionate commitment of the right hon. Member for Birmingham, Ladywood (Clare Short) on these issues. I am not arguing on the basis of equivalence in terms of loss of life—we have made clear our view that the Israeli response has been disproportionate—but I think that the right hon. Lady does her argument a major disservice if she downplays and underrepresents the impact of the rocket attacks on the state of Israel, involving 6,000 rockets affecting 10 per cent. of the Israeli population. A number of Members have been there and have experienced that. Anyone who sees it on a daily basis will know that it undoubtedly has an impact. We must address that problem as part of the solution that we seek.

My hon. Friend the Member for Gloucester (Mr. Dhanda) spoke of the importance of community cohesion. I pay tribute to the work that he did on this issue when he was a Minister. He highlighted his concern that what is happening will lead to greater levels of anti-Semitism and radicalisation. I acknowledge that that is a real concern. The Foreign Secretary and I, and Ministers at the Department for Communities and Local Government, have been talking to community groups in the last two weeks. I urge all Members to help us make clear what we are doing to try to assist in this situation; we are making the strongest possible calls for a ceasefire—we are leading the way at the UN and using every ounce of political and diplomatic capital at our disposal to try to achieve that ceasefire. I wholly agree with my hon. Friend that there is no durable military solution to the situation in Gaza.

I welcomed the statement of my hon. Friend the Member for Birmingham, Northfield (Richard Burden). He demonstrated his enormous concern for the plight of the Palestinians in Gaza, but he also recognised that the launch of rockets into southern Israel is unacceptable—and I agree with my hon. Friend the Member for Sunderland, South (Mr. Mullin) that the word "unacceptable" does not do justice to the genuine concerns that people have.

My hon. Friend the Member for Birmingham, Northfield also asked about the national unity Government. The British Government will do everything we can to bring that about, and we welcome the prospect of Hamas—signed up to a non-violent path, and recognising the state of Israel—being part of that national unity Government. Palestinian reconciliation was at the forefront of resolution 1860.

The hon. Member for Bethnal Green and Bow (Mr. Galloway) raised the issue of the United States abstention. Let me be clear—the Foreign Secretary said this in the Chamber on Monday—that we put forward that resolution and we would have preferred the United States to have voted for it. Nevertheless, a reading of the explanation of the vote from Condoleezza Rice makes it clear that the United States did support the intentions of that resolution. To be blunt, in similar situations in previous circumstances, we might well have faced a veto, and the fact that we did not is, I think, in part due to our efforts and the leadership we gave on this issue.

I know that my hon. Friend the Member for Hendon (Mr. Dismore) is a strong supporter of Israel, and in that respect I very much welcome his call for the implementation of resolution 1860 by both Hamas and Israel. One of the things that need to happen in the current situation is that the Government of Israel must listen to their friends throughout the international community.

My hon. Friend the Member for Milton Keynes, South-West (Dr. Starkey) made a powerful address in which she asked me questions about the ceasefire, and stated the need for it to be sustainable and to address all the key issues. I can certainly give her the confirmation that that is what we are looking for. She also asked about allegations of human rights abuses, and I repeat what I have said earlier: serious allegations have been addressed to both sides, and it is vital that they are properly examined and that we get to the bottom of them.

The right hon. and learned Member for Devizes (Mr. Ancram) rightly underlined the fact that what is happening in Gaza is a tragedy for all concerned—Gazans, the Israelis, President Abbas, and all of us in the international community. I also wholly agree with the right hon. and learned Gentleman that the confidence that is a necessary precondition for a peace process has potentially been shattered by what is happening at present, and that is why the situation is so serious.

My hon. Friend the Member for Ilford, South (Mike Gapes) demonstrated his understanding of these issues, referring to the tunnels going from one family home to another. That is why the smuggling issue is so serious and so difficult for us to resolve. He also made the comment, which is worth repeating, that President-elect Barack Obama is not a miracle worker. My spirits were lifted beyond the roof when he was elected—I will remember that night for the rest of my life—but I say in all sincerity that no democratically elected politician could fulfil the aspirations that exist both in the United States of America and in the whole of the international community, and we need to ensure that we are not, of our own volition, sadly disillusioned, because the problems we are dealing with are incredibly difficult.

We have had a good debate, which has demonstrated that there is concern in all parts of the House. The Government will continue to do everything in their

[Bill Rammell]

power through advocacy and diplomacy and at the UN to try to get us to that ceasefire that is so desperately needed.

6 pm

Motion lapsed (Standing Order No. 9(3)).

Cyprus

Motion made, and Question proposed, That this House do now adjourn.—*(Mr. Blizzard.)*

6 pm

Mr. Andrew Dismore (Hendon) (Lab): We move from one long-standing international problem to another: Cyprus. First, I should declare my interest: I visited Cyprus at the end of November and in early December, when some of my expenses were met by the Cyprus House of Representatives. I understand that my right hon. Friend the Minister for Europe is about to visit Cyprus next month, so I hope that today's discussion will help to inform her visit.

Almost a year ago, the Republic of Cyprus elected a new President, President Christofias of AKEL. That was probably a surprise to many, but it was also a pleasant one to many. Two thirds of Greek Cypriots voted for one of the two pro-solution candidates in those elections, and that sends a powerful message that Greek Cypriots, as well as Turkish Cypriots, want a solution. Before I go into the detail of my remarks, I should pay tribute to the late President, Tassos Papadopoulos, who died on 15 December. Although we in the UK may have had fundamental disagreements with him, I think we would all recognise that he always had the best interests of his country at heart. He was a key figure in Cyprus's struggle against colonialism in the 1950s, the youngest Minister in the Makarios Government in the 1960s and a President who was elected for one term, but who achieved a great deal in bringing Cyprus's membership of the European Union forward and, indeed, its membership of the euro.

President Christofias's election means that for the first time the leaderships on both sides of the green line are committed to finding a solution—Mr. Talat is the Turkish Cypriot leader. Both they and their respective parties—AKEL and the CTP—have a long association. On 21 March 2008, Mr. Christofias mounted a new initiative, launching a preparatory phase of a new dialogue with the Turkish Cypriots. On 25 July, the decision was made to translate that into fully-fledged negotiations, and on 3 September the two leaders began face-to-face talks, meeting on an almost weekly basis. This year, they have met on 5 and 12 January, and are due to meet again tomorrow. Despite ups and downs, the atmosphere is a constructive one. The issues have been divided into six chapters: governance and power sharing; property; the EU; the economy; territory; and security. Each of those is then subdivided, with United Nations assistance, into one of three categories: agreed issues; those close to agreement to be decided by the negotiators—Ozdil Nami for the Turkish Cypriots and George Iacovou for the Greek Cypriots; and those that cannot be agreed as yet. I regret to say that far too many are in the latter two baskets, rather than in the first.

On 5 January, agreement was reached on harmonisation and co-operation between the proposed federal Government of constituent states, and Friday's will be the last discussions on that first chapter. The next discussions will address property issues—one of the most difficult and intractable questions on the island. Progress remains slow overall. On 14 January, Mr. Christofias said that

"despite our intensive efforts, after four months' work…I do not have real progress to report…A number of secondary issues have been agreed but"—

there—

"remain, however, significant differences of approach."

Nevertheless, he has expressed confidence that a result can be achieved, there are no artificial deadlines to the process and neither side wishes to walk out of the negotiations. However, there still seems to be no real meeting of minds on the endgame.

The process is much more political than before and less legalistic, and that has to be welcomed, but people do get hung up on words such as "federation" and "confederation", without analysing what they mean in terms of where on the scale of the division of powers between the central state and the constituent parties the balance should be placed.

The UN is playing a constructive role, with a special representative, Taye-Brook Zerihoun, who tells me that he is "paid to be optimistic". The UN Secretary-General's special adviser, the former Australian Foreign Secretary, Alexander Downer, has also played a constructive role. The UN approach is to work towards a framework agreement—not a detailed one, such as Annan 5, which failed—to try to build trust and confidence as the process continues. On 10 January, Mr. Downer said that there was momentum and that he was cautiously optimistic. He said that the process needed to be owned not by the UN or the international community, but by the people of Cyprus, and that the solution would have to be put to the people, and it should not be one drawn up by foreigners. He is a politician who understands the need to have an outcome acceptable to both communities in a referendum.

As always, the key to progress in Cyprus is to be found in Ankara. Turkey is now a member of the United Nations Security Council and in June it takes over its presidency. It will be scrutinised more closely as a Security Council member and soon-to-be president, and it will need to be part of the Security Council's consensus. Bearing in mind also that Cyprus is a recognised member of the UN, Turkey will have to discuss these issues with Cyprus's permanent representative to the UN.

Turkey and the EU will seek to review the accession process this year. Turkey has failed completely to implement the Ankara protocol dealing with relations with Cyprus. Ali Erel, the chairman of the Cyprus-EU Association and a respected Turkish Cypriot, says that Turkey is spoilt by the EU. At the end of last year, the Turkish navy harassed the Republic of Cyprus's survey ships which were operating in accordance with the international law of the sea in the exclusive economic zone, looking for oil and other resources that would ultimately be for the benefit of all Cypriots. That cannot be allowed and we have to condemn it. It will inevitably lead to reciprocal action by Cyprus, disrupting the energy chapter in Turkey's accession process, if that is to proceed.

Turkey remains in military occupation of northern Cyprus, with an estimated 20,000 to 30,000 troops. UNFICYP puts the figure towards the bottom end of that bracket, but Turkey could reduce troop numbers with no risk to security in the north, and should do so as a confidence-building measure. We understand that there is a new general in charge of the north, General Zorlu, who has a long history of participating in peacekeeping operations, and that has to be a positive sign for Cyprus.

The Turkish Cypriot economy is very weak. It is founded on casinos and nightclubs, with a property boom based on Greek Cypriot land that has now come to a juddering halt. The Turkish Cypriot economy has seen minus 5 per cent. growth and it would be bankrupt without the subsidy from Turkey of 14 per cent. of its budget. Some 39 per cent. of that budget is spent on public sector pay. Turkey is now getting tough with a wage freeze, but this position cannot be sustained. We need real progress for the benefit of Turkish Cypriots.

The EU has given €259 million in aid to northern Cyprus to bring it closer to Europe and to facilitate settlement, but that money has been disbursed extremely slowly. By October last year, less than half—€119 million—had been tendered, and only €60 million, or half of that, had been contracted. Less than half of that—€25.5 million or only 10 per cent. of the total—had actually been spent. That is not TRNC money: it is EU money that should be spent for the benefit of Turkish Cypriots.

I was pleased to meet the new EU Head of Representation, Androulla Kaminara, when I was in Cyprus. She was very impressive. Unlike her predecessor, she is prepared to travel to the north, and she is working hard to involve Turkish Cypriots in a greater understanding of the EU and what it can achieve for northern Cyprus. However, the area needs much greater understanding of how the EU operates. For example, one of the logjams in the negotiations was the issue of the central bank. The northern Cypriots wanted to have their own central bank, which would not be possible through EU membership—showing a lack of understanding of how the EU operates.

We need more confidence-building measures, which maintain confidence when slow progress is made in the talks and little information is coming out. A good example of that was the opening of the Ledra street crossing on 3 April. That created a groundswell of good feeling towards the process. On behalf of the Turkish Cypriots, Mr. Talat says that the concentration should be on a comprehensive solution and he is not too impressed by confidence-building measures. Of course, there will be difficulties in implementing some of them unilaterally because of the thorny issue of possible recognition of the north. One possibility would be to work through NGOs. For example, the trade issue was solved through the intervention of the Turkish Cypriot chamber of commerce as facilitator.

"We need to create and promote a culture of friendship and mutual trust, and admit the mistakes and crimes both communities committed in the past."

That is a quotation from only a few weeks ago from Stephanos Stephanou, the presidential spokesman for the republic.

Confidence-building measures could include some of the 16 recommendations agreed by the technical committee. They include measures on crime-fighting, the economy, cultural heritage, crisis management, humanitarian health issues and the environment, which could form the basis of confidence-building measures that would improve the daily lives of all Cypriots. I would like my hon. Friend to describe what we are doing to promote those ideas.

Crossing points are vital. The Ledra street crossing is open, and I have visited it. It was interesting to see what has been achieved, but the buildings need restoration

[Mr. Andrew Dismore]

and disengagement is also necessary. The Turkish military are not playing a constructive role in that respect. We need to see the crossing at Limnitis opened, but that has become bogged down in a bogus argument about the enclave at Kokkina, which is now solely occupied by Turkish troops and has no Turkish Cypriot civilians. President Christofias has said that there is a possibility for Turkish Cypriot civilians to cross into Kokkina, but not military supplies or traffic. The crossing is vital because hours are added to the journeys of Greek Cypriots travelling to that region.

The Committee on Missing Persons in Cyprus is working well and is not politicised by either side. I visited the laboratory for the second time and was very impressed by the progress that is being made. There have been 466 exhumations so far and 110 sets of remains have been returned—78 to Greek Cypriots and 32 to Turkish Cypriots. The annual budget for the committee and its work is $3 million a year. In the three years from 2004 to 2007, we donated £160,000. We ought to consider further payments because the committee needs those extra bilateral donations. Altogether, some 2,000 Cypriots are missing from each side—1,493 from 1974 and 503 from 1963-64. There is still a lot of work to be done and there are at least two years of exhumations to go. It is one of the very good bi-communal projects on the island, with Greek Cypriots and Turkish Cypriots working side by side in the laboratory and on the sites that are being excavated.

De-mining is also important for confidence building. The United Nations Development Programme has cleared 51 minefields. That has largely been funded by the EU but there is a €5 million shortfall. That money will be needed to clear the rest of the zone, and the UN says that it could do it if it had the money. We could help by making a donation towards that. The buffer zone occupies 3 per cent. of the land. If that land could be liberated from the mines and from that part of the process, it would be available for civilian use, which could help towards a settlement.

Education on the island is also important. I was pleased to have the opportunity to meet Mrs. Olympia Stylianou, the Permanent Secretary in the Ministry of Education and Culture in the republic. The emphasis now is on the creation of a culture of peaceful cohabitation and trying to create an inclusive Cypriot national identity. The history books in the north have been revised and the Greek Cypriots are revising theirs, too, with a committee of experts due to put forward a first draft of the new curriculum in the summer. There is progress on learning Turkish in the south, although there needs to be more similar work done in the north.

The Agios Antonios bi-communal school in the south, which I visited last year, is working very well and we need to see secondary provision, too. At Rizokarpasso school, I am pleased to see, we are no longer seeing censorship of school books and it follows the Greek Cypriot curriculum. Again, progress has been made.

Civil society is improving, but there is still a lot to do. AKEL and the CTP have significantly improved their contacts, which is important progress.

On trade, the Turkish Cypriot economy is controlled by Turkish business. Green line trade is starting to work, but still amounts to less than 5 per cent. of the exports from north to south. There is still pressure on those from the north not to use ports in the republic.

The benefits of a settlement are clear: €5,500 per household for each of the first seven years after the solution. That would make a big difference to the living standards of all Cypriots. The process is open-ended, but will it make progress? Turkish Cypriot elections are due on 19 April, and Turkish Cypriot presidential elections the following year. We have the review of the Turkish accession this year. The facts on the ground are vital in that context.

Increasing numbers of settlers in the north are a problem. We still do not know how many there are, although there have been various estimates. Some have suggested to me that only 100,000 Turkish Cypriots are left in the total population of the north. The teachers union in the north has estimated that only 3 per cent. of the children attending schools in the north are of Turkish Cypriot origin. That shows a significant increase in the number of settlers. Some 93 per cent. of hospital patients in the north are settlers, although that could be because Turkish Cypriots are making use of the hospitals in the south, as they are entitled to.

Mosque building in the north is also significantly on the increase. I saw that with my own eyes when I visited and it is a matter of great seriousness.

The property issue remains. Building on Greek Cypriot land has slowed down due to the recession, but its extent has been serious, particularly since the Annan failure, and the territorial implications for a settlement in Morphou, for example, are serious. The Turkish Cypriot property commission has now received 729 applications from Greek Cypriots, but the question of the adequacy of that process as a remedy for cases brought before the European Court of Human Rights has yet to be decided. Some 41 cases have been finalised. That shows that some Greek Cypriots, at least, are starting to despair of the possibility of a settlement.

There has been a reduction in the number of green line crossings. They are half what they were two years ago. The sovereign base areas do not keep any statistics for the crossings, and it would be helpful if they did so to ensure that we have a full picture.

Turkish Cypriots are increasingly claiming their political rights in the republic. Some have tried to claim their voting rights. Sener Levent, the editor of the newspaper *Afrika*, has told me that he plans to stand in the republic for one of the European Parliament seats in the summer. Cases have been brought before the European Court on the issue.

My right hon. Friend the Minister knows that just before Christmas we had a debate on the Foreign Affairs Committee's human rights report. On that occasion, I brought to the attention of the House a number of serious human rights issues affecting Cypriots. Of course the general issues are well known; there is deprivation of property and expropriation in the north, refusal to allow people to return to their homes, and uninvestigated deaths from 1963, 1974 and many other conflicts. That is an important issue.

I urge my right hon. Friend to go to Karpas and see the enclaved people who live there. I visited it for the second time in autumn. They are living under significant oppression in what can only be described as a police state. They have no right to own a business; their property is exposed to being appropriated; and homes are in poor condition and are sometimes knocked down when people are away. People there live in extreme poverty and destitution, and the UN has talked about the hampering of its humanitarian and monitoring efforts for the people of Karpas by the Turkish army. It is a very serious problem, and we are not taking it seriously enough. There are only a few hundred people left there, and the number is declining.

The Maronites are also enclaved in the north. There are four Maronite villages and only 142 people left there. One village, Agia Marina, is an army camp, and visiting the church there is not allowed. I went to the barrier, and we were politely refused access. In Asomatos, people are allowed to visit the church for only a couple of hours every Sunday, and they are not allowed to ring the church bell. Visits to the churches at Agios Mamas and Morphou were not allowed, either. Apostolos Andreas in Karpas badly needs repairs, and when I went there on the night before St. Andrew's day—my day, as it were—the police had intervened to stop the bell being rung there, too. That is not appropriate.

A whole raft of court cases brought against Turkey are working their way through the European Court. My right hon. Friend knows that I have asked parliamentary questions about that. I understand from her answers that she is not prepared to comment further while those cases are proceeding, but that is a pity. What should our Government do? Obviously we have to support the efforts of both sides. We should not get involved in the way that we did with the Annan plan; the process has to be bottom-up. It should be from the Cypriots, by the Cypriots and for the Cypriots.

We should encourage confidence-building measures. In particular, we should put our hand in our pocket for the missing persons initiative and de-mining activities. We should consider the future of the sovereign base areas land. At the right time, we will need to give appropriate indications that the deal on offer in the Annan plan will be on offer again. We also need to look at the future of the treaty of guarantee in those circumstances.

To conclude, if the current Greek Cypriot and Turkish Cypriot leaders, given their long personal and political history of co-operation together, cannot achieve a result, it is unlikely that anyone will. Neither side has a plan B; that would be reverting to the status quo, which, as time goes by, simply entrenches division. Both sides need to be flexible in the process. They may well have tactical positions, but we need a breakthrough. Although we can never say that the negotiations are the last chance, if they fail, any new effort will mean starting from a far worse position. We are pretty well drinking in the last chance taverna in Cyprus, and I hope that the negotiations between two people who have good will towards each other's communities will bear fruit.

6.18 pm

The Minister for Europe (Caroline Flint): It is a pleasure to respond to my hon. Friend the Member for Hendon (Mr. Dismore), and I congratulate him on securing this debate. I welcome his interest in Cyprus, which is extremely wide-ranging, as I saw from the 47 parliamentary questions that he tabled before Christmas. I hope that the responses have been helpful. I think that we have one or two, or perhaps three, left to respond to. I also welcome the high level of parliamentary interest in Cyprus, which comes often, but not exclusively, from those Members with a large number of Cypriot constituents.

As my hon. Friend said, the current round of talks is probably the best opportunity that there has ever been to solve the Cyprus problem. A solution is essential for the peace and prosperity of the whole region. First and importantly, it will create a better future for the people of Cyprus. The UN green line cuts through the island like a scar, and I think that we all agree that the division has gone on for far too long. It is in everyone's interest that the next generation does not grow up knowing only division, buffer zones and peacekeepers.

Both communities will gain from the political, economic and social benefits of a settlement. For Greek Cypriots, a solution will offer stability and security as well as the chance to recover their property. Turkish Cypriots will be able to reach their economic potential by fully realising the advantages, and sharing the responsibilities, of EU membership. We all want Cyprus to thrive as a united country within the EU.

In their negotiations, the two leaders, President Christofias and Mr. Talat, have an opportunity to reunite the island. The weight of history is on their shoulders, and we share with the rest of the international community an expectation that everyone with a stake in resolving the issue will remain engaged, positive and supportive, and that that very real opportunity will be seized.

We are committed in the UK to doing all that we can to assist all the parties in the process of finding a settlement for Cypriots, by Cypriots. I have made that one of my top personal priorities. Indeed, in my first week in my job, I went to Cyprus and met the leaders, as well as Alexander Downer, the UN special envoy to Cyprus. I plan to visit again, as my hon. Friend the Member for Hendon suggested, in the next few weeks to reiterate my support for the negotiations.

Mr. Andrew Love (Edmonton) (Lab/Co-op): I thank my right hon. Friend for her visit and, indeed, for her forthcoming visit. When she goes to the island, she will see once again the commitment of both communities to finding a solution that will end the division of the island. However, the negotiations and discussions have stalled, because not everyone who should be participating is doing so. Would she find the time when she is in Nicosia to visit Ankara and Athens, so that we can bring together all the guarantor powers to ensure that everyone is on the same side in finding a solution for the island?

Caroline Flint: I thank my hon. Friend for his intervention, and I pay tribute to his long-standing interest and concern about the area. I visited Ankara just before Christmas, and made our views known to our Turkish colleagues about the important role that they can play in creating a positive atmosphere for those talks. Although those talks are difficult, I was pleased that shortly after assuming my post—and I am not saying that this is down to me, by any stretch of the imagination—regular weekly meetings resumed. As my hon. Friend the Member for Hendon suggested, there have been two in the past two weeks, and another is due tomorrow. Building momentum is important, and whether it is in Ankara or in Athens, or elsewhere in the EU or in the world—my hon. Friend the Member for Edmonton

[Caroline Flint]

(Mr. Love) mentioned the US in this regard earlier this week—it is about being supportive of the process and seeing how we can further ensure that the talks are successful. Turkey, as I said, has a particularly important role to play, and it has much to gain. It certainly impressed on me its positive messages, and in making those messages, we expect it to fulfil its obligations under the accession process, including on the Ankara protocol.

In the time that is left, I shall try to address the points made by my hon. Friend the Member for Hendon. With regard to oil exploration, we have made our expectations and views clear to Turkey. We continue to urge restraint, as further escalation would be counter-productive. As a signatory to the UN convention on the law of the sea, the Republic of Cyprus is within its rights to explore for oil and natural resources in its territorial waters and exclusive economic zone. Given the heightened importance of energy security, it is in our strong interests that discussions on the energy chapter in Turkey's EU negotiations should proceed. We regret that that is not happening at present, and that some recent incidents, including the harassment of oil exploration vessels off the coast of the Republic of Cyprus, have made forward momentum more difficult. Given the current energy situation, there is a great opportunity for Turkey to demonstrate the positive role that it can play in tackling those issues.

My hon. Friend mentioned EU funding. While implementation of the regulations has been slower than anticipated, the benefits are already being felt. Again, that is something that could be stepped up in the months ahead. I totally support confidence-building measures, which play an important role, and that is why we greatly welcomed the cancelling of military exercises and parades in October and November. However, more can be done. Crossing points have been shown to increase inter-communal dialogue and trade between local businesses. It is clearly important that communities that are no more than a few hundred metres apart, but which had little daily contact for 34 years, are opened up to each other for the benefit of all. I hope progress can soon be made on the Limnitis crossing, and that is certainly something that I shall raise when I am on the island to see whether progress can be made.

My hon. Friend the Member for Hendon asked about missing persons, and I can tell him that the Government fully support the work of the committee on missing persons. We donate to its budget both through the EU and directly, and hope that it can continue to work in an uninhibited way to build confidence on the island.

It is also important that the necessary funds are found to secure the sustainability of a settlement on the island. The committee on missing persons and other issues are clearly going to be important matters for discussion in the future by the UK, the UN and the EU, as we must make sure that any settlement that might be forthcoming is sustainable.

I am also aware of the key work done by UN development programme staff in removing land mines in the buffer zone. That work is supported by both the Government and the EU. Like my hon. Friend the Member for Hendon, I am concerned about the shortfall in funding for the mining action centre in 2009, and I agree that its important work should continue. I have been discussing the matter here in the UK this week, and it is also due to be discussed in Brussels and in Nicosia. We will explore what might be possible, and I shall be happy to keep my hon. Friend and others informed of developments.

I am also concerned about the continuing appropriation of, and construction on, land owned by Greek Cypriots in northern Cyprus. Our high commission in Nicosia regularly raises the issue with the Turkish Cypriot leadership. We must ensure that the matter is resolved if a comprehensive settlement is to be secured.

I am aware of the difficulties faced by Greek Cypriot communities in the northern part of Cyprus. They are living in enclaves as a result of the political situation on the island and the presence of Turkish troops in the north. I am also aware of the continued difficulties faced by the Maronite community in Cyprus. My hon. Friend the Member for Hendon described some of the factors that mean that people are unable to worship or pray in their local churches, but I hope that discussing these problems will mean that we can make progress. It is really important that all Cypriots on the island feel that they have a stake in their future, and that these matters can be resolved.

I turn now to the question of the sovereign base areas, some issues relating to which may arise during the negotiations. As I said earlier, we will be ready to discuss these at the appropriate time. The future of the treaty of guarantee will also feature in the negotiations and, as one of the guarantor powers, the UK will be ready to discuss that at the appropriate time. We will certainly not stand in the way of an agreement on this issue.

As a result of the diaspora, there is a large Cypriot community in the UK totalling something like 300,000 people. They also have an important role to play in supporting the settlement negotiations, in which I know that they take a very keen interest. I have been in contact with a number of Cypriot diaspora groups and their media, and am committed to maintaining and developing strong relationships with both communities. That is absolutely essential.

I want to thank my hon. Friend the Member for Hendon for raising this issue, and my hon. Friend the Member for Edmonton for attending the debate. Also, I thank my hon. Friend the Member for Falkirk (Mr. Joyce) for serving on the Bench behind me. I know that he too takes an interest in these matters.

It would be particularly helpful if all of us with an interest in this subject could work together towards the goal of a reunited island. It will not be easy, but this is an opportunity that must be seized. For my part, I look forward to discussing this further with hon. Members, and to working together in support of a settlement.

The present financial situation and other problems mean that these are difficult times but, without being over-confident, I think that we can have some hope that progress will be made on this issue and that a division that I believe has gone on for too long for all Cypriots can be brought to an end.

Question put and agreed to.

6.29 pm

House adjourned.

House of Commons

Monday 19 January 2009

The House met at half-past Two o'clock

PRAYERS

[MR. SPEAKER *in the Chair*]

Oral Answers to Questions

CULTURE, MEDIA AND SPORT

The Secretary of State was asked—

Heritage Listing

1. **Mr. James Gray** (North Wiltshire) (Con): What plans he has for the future of the heritage listing system. [248261]

6. **John Howell** (Henley) (Con): What plans his Department has to reform the heritage listing system. [248267]

The Parliamentary Under-Secretary of State for Culture, Media and Sport (Barbara Follett): The draft Heritage Protection Bill contains reforms to the listing system. We remain committed to the Bill and hope to introduce it as soon as parliamentary time allows. In the meantime, we are working with English Heritage to ensure that the current listing system operates as effectively as possible.

Mr. Gray: In England and Scotland, there are 4 million members of heritage organisations such as the National Trust, which does a fine job at Lacock in my constituency. Those members were disappointed that the Heritage Protection Bill was not in the Queen's Speech; they viewed that as a missed opportunity and hope for a great deal of work to come. The Secretary of State has said elsewhere that the momentum of reform will be maintained, even without the Bill, and the Minister hinted in her answer that the Bill may come back somehow or other in future. How does she intend to maintain that momentum without a Bill, and when will the Bill come back?

Barbara Follett: Like my whole Department, I share the disappointment of the heritage lobbies, but there are other priorities in these difficult and trying times, and the Bill has 300 clauses. However, having been through pre-legislative scrutiny, it remains in good readiness for passage as legislation. We are committed to the Bill.

To maintain momentum, we are working with English Heritage on a revised planning policy statement on the historic environment, and we want to consult on that before the Easter recess. We are also working with colleagues at the Departments for Communities and Local Government and for Environment, Food and Rural Affairs to develop a clear statement of the Government's vision of the priorities for the historic environment. Finally, we are working closely with English Heritage as it invests in local authority heritage training, which, I am sure the hon. Gentleman will agree, is much needed, and we are leading a wide consultation on priorities for future designation programmes.

John Howell: Given that now more sites are threatened than are being removed from risk and repairs, why does the Minister not consider that the heritage reform system is already heavily compromised?

Barbara Follett: The Heritage Reform Bill offers us a real chance. My Department and I will do everything that we can to ensure that we get it through and in the interim we will work to make sure that our heritage system remains as it is—that is, strong and thriving.

Andrew Mackinlay (Thurrock) (Lab): As one of those people who is deemed far too stupid to be a Minister, may I ask what Ministers have done to bang the Cabinet table and get the Bill before the House? Although the Bill has 300 clauses, it is the least party politically contentious and the bulk of the work has been done, given the very good pre-legislative scrutiny. What has the Secretary of State said to the people who make the decisions about the parliamentary programme and timetable? What representations has he made? After he leaves the Chamber, will he go to see the Prime Minister to tell him that we want the Bill now? The Commons wills it!

Barbara Follett: Far be it from me ever to agree that my hon. Friend is in any way stupid—he is one of the most astute Members of the House. He is so astute that he must be able to see that a Bill with 300 clauses involves a time problem. My right hon. Friend the Secretary of State fought hard for the Bill, both in Cabinet Committee L—anyone unfortunate enough to have been before that will know how difficult it is—and in Cabinet.

David Taylor (North-West Leicestershire) (Lab/Co-op): The Bill has 300 clauses because we have been waiting 30 years for a piece of heritage legislation—if we wait another year, it will no doubt have 310 clauses, and so on. Among the Bill's proposals were plans to streamline the complicated and often deeply confusing rules surrounding the protection of the UK's heritage buildings. Such streamlining would speed up regeneration. Will the Minister reassure the House that the first possible opportunity for the Bill will be taken? Perhaps that opportunity will be the autumn Queen's Speech, the last of this Parliament—or, indeed, Labour's first Queen's Speech in the next Parliament in June 2010.

Barbara Follett: I assure my hon. Friend that we have already taken the opportunity of putting the Bill in for the fifth section of this Parliament—*[Interruption.]* This Session, I should say—thank you for the correction from a sedentary position. I do not have enormous hope that the Bill will get in, because this is a short Session and it is a long Bill. I agree that 30 years is a long time to wait. I find it interesting that a lot of things in my portfolio have waited a long time. I am an impatient woman, so I intend to get this through.

Sir Patrick Cormack (South Staffordshire) (Con): We are all delighted that the Minister is going to be impatient. Does she not accept that the case that she is putting forward is a terribly thin one? This is the shortest parliamentary Session in recent years and we have the thinnest Queen's Speech in recent years. By adding a fortnight on to the Session or one Bill to the Queen's Speech, we could have had this legislation.

Barbara Follett: I have an enormous amount of respect for the hon. Gentleman and all the work that he has done on heritage issues. I know that he shares my impatience. I share some of his frustration, and that will inform my dealings with other Departments and with the Cabinet.

Mr. Mike Weir (Angus) (SNP): There has been a long-standing campaign in my constituency for the inclusion of historic Arbroath abbey as a UNESCO world heritage site. That campaign has been thrown into doubt by reports that the Government are to change policy and no longer put forward sites in the UK to UNESCO for inclusion as world heritage sites. Can the Minister say if that is correct and, if so, why there has been this change of policy?

Barbara Follett: As the hon. Gentleman knows, our consultation on world heritage sites is out until 2 February. Once the results of that are known, we will either prepare a new tentative list or not. The site that he mentions has been on the list for a while, and I am sorry about the further delay.

Mr. Edward Vaizey (Wantage) (Con): I thank the Minister for confirming that the Secretary of State is a member of Cabinet Committee L, which clearly stands for "loser", because heritage has lost £100 million from this Government in cuts and £1 million from the lottery. The Bill was supported by Conservative Members and would have passed through without any controversy. Can she bring it back, and can she confirm and guarantee, instead of just hope, that the planning policy statement will come out before the Easter recess?

Barbara Follett: I think that if the hon. Gentleman has a look, he will find that the "L" stands for "legislation", not "loser". I advise him to avoid schoolboy humour in this Chamber—it brings it down. I address that remark particularly to those on the Conservative Benches. I will do absolutely everything I can to ensure that we get that planning policy guidance through.

Primary School Curriculum

2. **Mr. Philip Hollobone** (Kettering) (Con): What discussions his Department has had with the Department for Children, Schools and Families on the review of the primary school curriculum. [248262]

The Parliamentary Under-Secretary of State for Culture, Media and Sport (Mr. Gerry Sutcliffe): Sir Jim Rose is leading an independent review of the primary curriculum. The curriculum informs early learning and participation in activities of interest to my Department, such as sport and creativity, and therefore my Department has been kept informed of progress. The Government look forward to receiving Sir Jim's final report and recommendations in the spring.

Mr. Hollobone: The preliminary proposals from Jim Rose's review are that physical education be taken out of the curriculum and subsumed into

> "Understanding physical health and well-being".

Understanding physical health and well-being could be delivered without children moving a muscle. Does the Minister share my concerns about that prospect?

Mr. Sutcliffe: Indeed I do. We have made robust consultation proposals to Sir Jim and his review. It is important that we make sure that we invest in primary school sport, as we have done. We are proud that 90 per cent. of schools are offering two hours of sport and PE, and we have an aspiration for that to increase. I share the hon. Gentleman's concerns, and I will ensure that we make the strongest representations.

Angela Watkinson (Upminster) (Con): The Minister will know that some young children arrive in primary school with very under-developed social and oral skills and that the creative arts are a good way of developing those. Will he therefore take the opportunity to speak to his Cabinet colleague in the Department for Children, Schools and Families to encourage the inclusion of dance and drama alongside maths and English in the primary curriculum?

Mr. Sutcliffe: I agree with the hon. Lady. It is important that we ensure that youngsters are offered opportunities in those subjects. Our Department is heavily involved in the consultation and review to ensure that those points are well made.

Community Sports Clubs

3. **Andrew Selous** (South-West Bedfordshire) (Con): What funding his Department is providing to community sports clubs in 2008-09. [248263]

The Secretary of State for Culture, Media and Sport (Andy Burnham): Sport England invested £2.25 million directly into community sports clubs in the first half of this financial year. For the period 2009-13, national governing bodies have been awarded a total of £480 million, much of which will be invested in strengthening sports clubs.

Andrew Selous: Notwithstanding the concerns raised by my hon. Friend the Member for Kettering (Mr. Hollobone), many children at school are involved with sports. Given that we have 130,000 sports clubs up and down the UK, what action is the Department taking to ensure that people carry on being involved in sport after they leave school and, indeed, throughout their lives by linking up with community sports clubs?

Andy Burnham: The hon. Gentleman makes a fair point. According to the most recent participation survey, Bedfordshire has seen one of the biggest increases in participation in sport anywhere in the country—it is well above the national average at 26 per cent. Congratulations to him and his colleagues if they have played a role in that. He is absolutely correct to place emphasis on the important links between schools and clubs. If young people get coaching at an early age in the sports that they like, they develop confidence that enables them to remain active in life, making the sometimes difficult transition from playing sport in the school environment, which is perhaps more supportive, to the club environment. As part of our commitment to five hours of sport for all young people, the Minister with responsibility for sport, my hon. Friend the Member for Bradford, South (Mr. Sutcliffe), and I are conscious of the need to make those links work by getting coaches into schools and helping young people to make the transition into local clubs.

Janet Anderson (Rossendale and Darwen) (Lab): Is my right hon. Friend aware of the crippling increases in water rates being imposed on sports clubs in the north-west by United Utilities? They may well affect his constituency. In my constituency, the water rates for Darwen cricket club are to increase from £220 per annum to a staggering £3,000 per annum, and for Rossendale United football club, they will increase to £1,500. Is there anything my right hon. Friend can do to help?

Andy Burnham: I am aware of that important issue. As my hon. Friend says, it affects sports clubs in my constituency. I pay tribute to Brian Moore, the former England rugby union player, who has done very good work in drawing our attention to the issue. There are two points of action. First, the Sports Minister is seeking a meeting with Ofwat to see what can be done nationally to ensure that sports clubs' needs are taken into account. My hon. Friend the Member for Rossendale and Darwen (Janet Anderson) needs to be aware that United Utilities is one of two companies nationwide that adopted a policy of calculating rates based on the total area of land, and clubs may need help in explaining their bills to the company, and in challenging those bills. We are working with the Central Council of Physical Recreation and Sport England to give practical advice to sports clubs to help them to challenge their bills if they need to.

Bob Spink (Castle Point) (Ind): What help can the Secretary of State give to ensure that the Government's free-swimming policy is taken up by more local authorities, particularly councils that represent those who live on islands or at the seaside, where learning to swim is an essential life skill?

Andy Burnham: I agree entirely with the hon. Gentleman. I have noticed the supportive statements he has made about the free-swimming policy being the means to get young people, older people and everyone else active, and I am grateful to him for that support. Obviously, it is a matter for local councils to adopt that policy and we have said that it will not be imposed on anybody. We are tremendously encouraged that 80 per cent. of councils have opted in to offer free swimming for the over-60s and that some 60 per cent. of councils will make swimming free for under-16s from April. It is a good policy, it goes with the grain of what local government was already doing, and it is for local voters to ask questions of their councils if they have chosen not to take up the Government's help in this regard.

Andrew Miller (Ellesmere Port and Neston) (Lab): Will my right hon. Friend congratulate the members of Grove's sports and social club, who have just acquired the ownership of that club from BP, having beaten a property speculator to the draw? Will he look at the needs of such clubs and ensure that there is a comprehensive package of information available about where they can go for the best advice and guidance on where to get money from, which will address such issues as water rates and other utility bills?

Andy Burnham: I agree with my hon. Friend, and I was pleased to visit his constituency recently to see Vauxhall Motors boxing club. Indeed, there is a good tradition in his constituency of local employers providing high-quality sporting opportunities. We were in the ring together, and I need to sharpen up my act to get my own back on my hon. Friend next time. He is right to say that we need to support sports clubs in every way possible. As I have said, the investment coming through from Sport England will be channelled through governing bodies, and we hope that it will get down to clubs. We need to work to encourage more to take up the CASC scheme—community amateur sports clubs—which we calculate has put £48 million into sports clubs. We need to work to help clubs to understand their water bills, and my hon. Friend the Member for Rossendale and Darwen was right to draw my attention to that issue.

My hon. Friend the Member for Ellesmere Port and Neston (Andrew Miller) is right on every level: sports clubs are the building blocks of our sports infrastructure in this country. We need to help them in every way that we can.

Mr. Don Foster (Bath) (LD): The Secretary of State talks about welcome additional money for community sport, but how can we be assured that it will be put to good use? After all, previous Government money was intended to increase sports participation among the groups that the Government identified as priorities—black and minority ethnic groups, women, the disabled and people on low income. Indeed, the Government set clear and precise targets for improvements in each of those groups. Can the Secretary of State explain why every single one of the targets that they set has been missed, and why in some cases their policies have led to reductions in participation?

Andy Burnham: The hon. Gentleman is right to challenge me and the sports Minister on these issues, and I hope that he will carry on doing so, as they are clearly incredibly important. However, the picture is more mixed than he acknowledged, or than the press release that he recently put out suggested. Overall, half a million more adults are playing sport, which is a really good sign of progress.

More people are taking up sport, but the hon. Gentleman is right that there is a worrying decline in participation among some groups. I see the hon. Member for North Southwark and Bermondsey (Simon Hughes) nodding, and indeed there are particular issues to consider about participation in sport in London. I am happy to continue to be challenged by the hon. Member for Bath (Mr. Foster) on these matters, but I hope that he will acknowledge that the overall trend is up. That is a good thing, and in this Olympic period I am sure that he will join us in wanting to drive it up further among all groups in society.

Under the whole sport plans that we have just agreed, we want to place sport governing bodies on the spot to get more girls and women playing sport, to improve disability sport and to create more opportunities for people from black and ethnic minority communities. Those are not optional extras; they are critical targets if a sport wants to benefit from public funding.

Dr. Brian Iddon (Bolton, South-East) (Lab): May I thank my right hon. Friend for visiting two sports clubs in my constituency a few days ago, both of which offer cricket as one of their sports? Does he know from his constituency that such clubs are already under pressure as a result of reduced bar takings and three bad summers, which have meant reduced spectator takings? On top of that, very few of them are now able to employ a professional cricketer during the summer period, which has also resulted in fewer spectators and lower takings. If the surface water drainage charges are accepted, particularly in the way in which United Utilities is applying them to cricket clubs in my area of the north-west, it will be the last straw for cricket in many villages and many parts of Bolton.

Andy Burnham: I was pleased to visit the two cricket clubs, Darcy Lever and Bolton Indians, recently. It was not the first time that I had done so, because I used to play in the Bolton association league and was on the end of beatings handed out at both those grounds many times. I know the strength of cricket in my hon. Friend's local area.

I have two points. First, cricket is the largest beneficiary under the new whole sport plan process that my hon. Friend the Sports Minister put in place with Sport England. More money is being directed to the development of cricket, in recognition of the fact that cricket has big needs and faces big costs for its facilities. Secondly, my hon. Friend the Member for Bolton, South-East (Dr. Iddon) is right that water charges have a great impact on cricket clubs, given the surface area of most of them. It is important that we pursue the discussions that I mentioned and reach a good solution for cricket, recognising the particular needs of cricket clubs. I assure him that I will work diligently on all those things.

Mr. Jeremy Hunt (South-West Surrey) (Con): According to the DCMS's own figures, funding for community sport has gone down by £15 million in the past three years. At a time when central Government have to tighten their belt, is this not precisely the moment that the lottery was set up for? Will the Secretary of State, perhaps with the zeal of a repenting sinner, finally consider returning the lottery to its original pillars so that sport can get the help that it so desperately needs?

Andy Burnham: First, may I offer the hon. Gentleman congratulations on two counts? I am sure that I speak for all Labour Members in giving him our warmest wishes on his recent engagement. I also congratulate him on retaining his Front-Bench position, although I do not know whether he is pleased or disappointed about that; we hope that he is pleased.

The hon. Gentleman repeatedly misses a point in the debate, and he has done so again. When the Government created the New Opportunities Fund, it specifically had the ability to invest money in schools. The lottery could not previously invest in the statutory sector. Following on from that, my right hon. Friend the Member for Dulwich and West Norwood (Tessa Jowell) brought a major national initiative to fruition, which saw—from memory—around £750 million invested in school sport UK wide. That created a network of flood-lit, astro-turf pitches in my constituency, which are heavily used during the school day, at evenings and weekends. I am incredibly proud of that. The investment would not have gone to schools if we had left the lottery as it was. I therefore make no apology for enhancing sports facilities in schools in that way.

Mr. Hunt: But the Secretary of State misses the crucial point that my hon. Friend the Member for South-West Bedfordshire (Andrew Selous) made: there is a big increase in the drop-off rate of people taking part in sport when they leave school. That is why we need to continue to invest in not only school sport but community sports clubs. Funding for the latter has been cut. According to yesterday's papers, the Secretary of State has been hosting £3,000-a-head dinner parties for the great and the good. Is not that the wrong way to spend the Department's money at a time of economic crisis, when sports club budgets are being cut, and was not his spokeswoman wrong yesterday to say describe it as a coup for Britain?

Andy Burnham: With respect, the hon. Gentleman again misunderstands our policy. We have said that more money will be channelled through the national governing bodies of sport because they are the experts and should be able to decide which clubs to build up and which deserve more support. *[Interruption.]* Well, I will send him the figures. The funding will increase significantly in the next few years, when more than £90 million extra will be spent on improving sports clubs. I repeat that I will send him the figures. The community sports club fund has decreased, but because more money is going to the clubs through national governing bodies—I wish he would understand that.

On the hon. Gentleman's second point, let us be clear about the event. It was the launch of an international forum to promote Britain as the natural home of the creative industries. As part of that, we have recruited 25 of the biggest names—the biggest players—in the world in the creative industries. [HON. MEMBERS: "Name them."] I can name them, and I will write to the hon. Member for South-West Surrey (Mr. Hunt). The event happened because they will give their time for free to advise this country on ensuring that we build on our strength in the creative industries. I am proud of the fact that this country has strength in those industries. The hon. Gentleman might be happy with the newspaper headlines that he has got, but he should not misrepresent the event or what it seeks to achieve.

Stonehenge Visitor Centre

4. **Robert Key** (Salisbury) (Con): What recent representations he has received on the proposed Stonehenge visitor centre; and if he will make a statement. [248264]

The Parliamentary Under-Secretary of State for Culture, Media and Sport (Barbara Follett): The Stonehenge project implementation group has considered the outcome of the public consultation on the future of Stonehenge and recommended two options for the location of new visitor facilities.

We are currently considering those options in consultation with stakeholders and expect to make a decision shortly.

Robert Key: I thank the Under-Secretary for her determination to press ahead with the extremely important project. Does she agree that, if it is decided to site the visitor centre at Airman's Cross rather than Fargo Plantation, which seems likely and would be acceptable, it will be even more important to get the transport link between the visitor centre and the stones? Will she promise us that the link, whether it is some sort of land train or other form of transport, will be part of the visitor experience, include technology explaining the journey from the centre to the stones as part of the prehistoric landscape and be a world-class facility in its own right?

Barbara Follett: I commend the hon. Gentleman on all the work that he has done on this extremely knotty problem and to reassure him that every effort will be made to ensure that the transport facilities, whichever site is decided upon, will be world class. We are talking about an iconic facility—English Heritage's most visited—and I want to ensure, just as he does, that the visitor's centre and its transport minimise the impact on the landscape and the archaeology, but at the same time provide people who go with the best possible experience.

Mr. Tobias Ellwood (Bournemouth, East) (Con): May I also pay tribute to my hon. Friend the Member for Salisbury (Robert Key), who has spent an awful lot of time on Salisbury plain campaigning on the important issue of the Stonehenge visitor centre? *[Interruption.]* For 20 years, the Minister says. He has been there so long that he probably deserves honorary druid status. Unfortunately, however, the same cannot be said of the Government. They have spent £30 million on paper exercises, and still nothing happens. How long do we have to wait for some leadership? A Tory social action project would have had the work done by now. What is staggering is that we are the fifth biggest economic power in the world and the sixth most popular country to visit, and still we cannot even build a half-decent visitor centre for our top outdoor tourist attraction. Stonehenge is a timeless monument, but it seems that this Government can find no time to support it.

Barbara Follett: I commend the hon. Gentleman's enthusiasm, and I am glad that he brings it to this knotty problem. A lot of enthusiasm and a fair bit of money have gone into looking at alternatives. This Minister is determined—I told the House that I was an impatient woman, and that is what is making me so impatient.

Local News Media

5. **Ms Katy Clark** (North Ayrshire and Arran) (Lab): What assessment he has made of the prospects for the local news media industry; and if he will make a statement. [248265]

The Secretary of State for Culture, Media and Sport (Andy Burnham): I am aware of concerns in all parts of the House about pressures on the local news industry. Last week I met the Society of Editors to discuss those issues and what can be done to support local newspapers. I have also asked Lord Carter to look at local news media in his work on the "Digital Britain" report.

Ms Clark: I thank the Minister for his answer. Is he aware of the Scottish national issue and the announcement by Newsquest that it is to cut 40 editorial positions at the Glasgow *Herald*? The company is giving almost all the journalists redundancy and asking them to reapply for their jobs, despite making £23 million in Scotland in 2007. Will the Secretary of State agree to meet the National Union of Journalists to discuss not just that issue, but the wider issue of the press?

Andy Burnham: Like everybody, I feel for those people who have lost their jobs at the Glasgow *Herald*. I will certainly agree to my hon. Friend's request for a meeting with the NUJ, although I should point out that many of the policy responsibilities in that area are the responsibility of the Secretary of State for Business, Enterprise and Regulatory Reform. However, I recognise that local newspapers face pressures both from the current economic climate and from structural changes in the media industries. Only a few years ago the press accounted for 54 per cent. of the advertising spend in this country, but the figure is now down to 43 per cent., so there are real structural changes taking place. We need to take a careful look at local news outlets in the current climate and see whether more creative ways can be found to sustain high-quality media at the local level. Lord Carter will take forward that work in "Digital Britain", but I am sure that colleagues in all parts of the House will want to pay close attention to the issue.

Richard Ottaway (Croydon, South) (Con): The Secretary of State will be aware that the *Evening Standard* is at the centre of London's local news media industry. Under the circumstances, might it not be appropriate to conduct an inquiry into whether a former KGB member is a fit and proper person to own that newspaper?

Paul Flynn (Newport, West) (Lab): It will be an improvement!

Andy Burnham: The *Evening Standard* is indeed a well-loved part of London life—a view held on both sides of the House, I hasten to add—and, whatever changes are in the offing, it should maintain its character and journalistic standards on all counts. I am sure that, like me, the hon. Gentleman will accept that what matters is not an individual's nationality but the plans that they have to uphold those standards and that character. As I said to my hon. Friend the Member for North Ayrshire and Arran (Ms Clark), these are principally matters for the Secretary of State for Business, Enterprise and Regulatory Reform.

Mr. Neil Turner (Wigan) (Lab): What confidence does my right hon. Friend have that the partnership between ITV and the BBC for regional television news can be maintained? What plans does he have to monitor the success of that partnership?

Andy Burnham: Regional news on ITV produces strong feelings on both sides of the House. Many representations have been made to me about the need to maintain a provider of news in the regions, and my hon. Friend has also made that case in a very forthright way over the years. I suggested some time ago that a partnership between the BBC and ITV in the regions would be a good way of sharing costs and sustaining those important news services. I am encouraged by reports that the two sides have made good progress on establishing a partnership arrangement. Ofcom will say more this week about public service broadcasting, in the culmination of its second stage review. We will need to consider all these matters in the round when we come to make our decisions, but there is good progress to report and I hope that my hon. Friend will continue to support the need for a good solution for the north-west and other parts of the country.

Mr. Mark Field (Cities of London and Westminster) (Con): The Minister will know that one of the biggest issues facing local newspapers across the United Kingdom is the increased power of the online offering from the BBC. I do not want to use this as an opportunity to bash the British Broadcasting Corporation—

Philip Davies (Shipley) (Con): Oh, go on!

Mr. Field:—tempting though that might be. More importantly, will the Minister tell us today about his concerns in this regard? The BBC has a monopoly interest and can rely on a large licence fund from the taxpayer, and it is crowding out any sense of competition from local news media in many parts of the country.

Andy Burnham: My right hon. Friend the Member for Dulwich and West Norwood (Tessa Jowell) set up the BBC Trust to examine precisely the issue that the hon. Gentleman has raised. It not only looks at the desire of the BBC to launch new services but applies a wider public value test so that the actions of the BBC can be considered in terms of the effect that they will have on other parts of the media industry. The hon. Gentleman will know that the BBC's local video service was tested by the trust on that basis, and the trust made its decision late last year. Listening to his question, I imagine that he will have found that decision favourable. Obviously, these issues need to be carefully considered. The local media are an important part of the health of our democracy in every hon. Member's constituency, and, this year, we need to pay closer attention to the pressures on local newspapers and to helping them to survive into the digital age.

Ms Diane Abbott (Hackney, North and Stoke Newington) (Lab): With reference to the earlier question about the possibility of the London *Evening Standard* being bought up by a Russian oligarch, and given that Roman Abramovich is reported to be trying to sell off Chelsea to middle eastern interests, how long will it be before Londoners see their evening paper being traded from an oligarch to the middle east?

Andy Burnham: There is obviously a limit to what I can say on this matter. Indeed, the policy responsibility rests with the Secretary of State for Business, Enterprise and Regulatory Reform. However, as I have said many times in relation to the ownership of football clubs, it is not nationality that matters, but the importance of any individual who purports to own an important part of British national life having the best of intentions and seeking to uphold its standards, character and integrity. That is all that can be said on this matter for the time being.

Topical Questions

T1. [248291] **Christine Russell** (City of Chester) (Lab): If he will make a statement on his departmental responsibilities.

The Secretary of State for Culture, Media and Sport (Andy Burnham): I am sure that the whole House will wish to join me in congratulating Liverpool on an exceptional year as European capital of culture, and in recognising the role played by Phil Redmond and Bryan Gray in achieving that success. Two weeks ago, the Minister with responsibility for culture and I hosted a national tourism summit to consider how best the Government can help this crucial industry in these challenging economic times. We will make further statements on actions arising from that in due course. On Wednesday, Ofcom will publish its review of public service broadcasting, and I shall arrange for copies of the report to be placed in the House Library. I will also address the Oxford media convention on Thursday, and Lord Carter's interim "Digital Britain" report will follow next week.

Christine Russell: My right hon. Friend has just mentioned the amazing success of Liverpool as European capital of culture, and he will be aware of the significant contribution that the designation of world heritage site status in 2004 made to the economic regeneration of Liverpool. Will my right hon. Friend or his ministerial colleague give me an assurance that in the ongoing review there will be no change of policy that could in any way undermine the aspiration of my city, Chester, for world heritage site status on the basis of its well preserved and unique mediaeval rows?

The Parliamentary Under-Secretary of State for Culture, Media and Sport (Barbara Follett): As my hon. Friend will know, we are consulting on the "World Heritage for the Nation" consultation paper. That consultation will close next month and we will have to consider the responses very carefully. No decision has yet been made about future nominations and no decisions about them will be made until that has been done. Chester is one of the most ancient and pretty towns in England, which has won lots of awards for its visitor experience, and I hope that it continues to do so.

T2. [248292] **James Duddridge** (Rochford and Southend, East) (Con): With the decline in the pound against the euro and a number of other currencies, what can the Department do to encourage people to make more use of tourism in the United Kingdom, particularly short breaks in excellent areas such as Southend?

Barbara Follett: As Minister for the East of England, I have a particular affection for Southend, which has just acquired its first university, of which I am very proud. I am working with VisitBritain and various other tourism trade bodies to ensure that we have a very good offer. As the hon. Gentleman will know from recent reports, the number of people intending to take their holidays in Britain has risen by 50 per cent., so we have to take advantage of that, as well as of the demand for international tourism.

T5. [248285] **Paul Flynn** (Newport, West) (Lab): As part of a contribution to a slimmed down Olympics, would it not be sensible to look again at the ambitious and very expensive plans for a velopark in London and see what could be done by expanding the magnificent existing velodromes that are available for use now in Newport and Manchester?

The Parliamentary Under-Secretary of State for Culture, Media and Sport (Mr. Gerry Sutcliffe): My right hon. Friend the Minister for the Olympics keeps all the Olympic costs under review. Clearly, decisions are taken in line with the bid document that we had to put to the International Olympic Committee. There will be a superb velodrome here in London, which will help British cycling to maintain its position as the best in the world.

T3. [248283] **Peter Luff** (Mid-Worcestershire) (Con): Given that I won fourth place in the private Member's Bill ballot, the Minister—it is obvious which Minister—will know how disappointed I was that his Department was not prepared to support my proposed Bill to reduce the disproportionate impact of the Licensing Act 2003 on traveling circuses. Given that economic conditions next year are likely to make life very difficult for circuses—at a time when, heaven knows, we will need them more than ever—can the Minister reassure me that his Department remains committed to reform of the Licensing Act and that he will bring forward proposals at the earliest possible date?

Mr. Sutcliffe: I hesitate to mention the Tories and circuses, but the hon. Gentleman has consistently raised this issue and has been at the forefront of attempts to support circuses in respect of the single licence. Although we did not think it appropriate to go through the process suggested in the hon. Gentleman's private Member's Bill, we feel that the better regulation simplification proposals might be the quickest way of reaching the position that we want, which is a single licence for circuses.

Mr. Jim Devine (Livingston) (Lab): Various reports suggest that Manchester City intend to spend more than £100 million on a player, and that, quite frankly, is obscene. We are in a position whereby a country effectively owns a premier league football club. Is it not about time that we carried out an investigation into the premier league with a view to capping these transfer fees?

Andy Burnham: My hon. Friend will know of my strong views on footballing matters. He is right to say that there is widespread concern about the financing of football and its effect on the game. It was with that in mind that last year I wrote to the three football authorities, the Football League, the premier league and the Football Association, asking them to take a detailed look at the financial integrity of the game in a number of specific areas, particularly the competitive balance of football. Young supporters will not be brought into the game if they feel that the club in their home town has no chance of getting into the premier league or winning in the long term.

These matters are crucial to the health of the game—not just in England but in Scotland, because one affects the other—and I assure my hon. Friend that my hon. Friend the Under-Secretary of State for Culture, Media and Sport, the hon. Member for Bradford, South (Mr. Sutcliffe) and I continue to pay the closest attention to them. We look forward to receiving a response from the football authorities.

T6. [248286] **Philip Davies** (Shipley) (Con): The Minister is well aware of my concern about the possibility that picking lists on which on-course bookmakers have spent many thousands of pounds will be taken away from them. I thank him for his involvement in what is, in my view, a matter of natural justice. Will he confirm that if a fair deal cannot be delivered for on-course bookmakers to protect their picking lists, he will not rule out legislation to ensure that one is delivered in future?

Mr. Sutcliffe: I am grateful to the hon. Gentleman for raising an issue to which he has been very close, as has the all-party parliamentary racing and bloodstock industries group and, indeed, the Select Committee. We have been trying to find a fair solution. We set up a working group, which we hoped would act in good faith, but it appears from a letter from the Racecourse Association to courses that that has not happened. I am not prepared to rule anything out at this stage, because I want to see a fair settlement.

Mrs. Ann Cryer (Keighley) (Lab): How much success has the Department had in encouraging schools to make their sports facilities available to community groups? I am thinking particularly of Oakbank school in my constituency, which is a designated sports college.

Mr. Sutcliffe: I am grateful to my hon. Friend for raising that issue. I visited Oakbank school on Friday, and saw superb facilities, which were in line with what we are trying to achieve with our investment in school sports. We have 432 sports colleges, we have school sports partnerships and local sports partnerships, and we have brought competition back into schools. The terrain looks very good for school sports. We want to ensure that pupils take part in sport for at least two hours a week, increasing to five hours.

T7. [248287] **Mr. Philip Hollobone** (Kettering) (Con): This Saturday, Kettering Town football club will meet Fulham in the fourth round of the FA cup. For the first time in the history of the competition, a meeting between a non-league side and a premier league club is not being shown live on television. As a result, Kettering Town football club stands to lose £160,000 of income, which could make the world of difference to a club the size of Kettering. Given that the FA cup is a David and Goliath competition and that one of its aims is to redistribute income around the game, will the Minister with responsibility for sport—the Under-Secretary of State for Culture, Media and Sport, the hon. Member for Bradford, South (Mr. Sutcliffe)—speak to the Football Association to get to the bottom of this disgraceful decision?

Andy Burnham: I have the highest regard for Kettering Town as one of the strongest non-league clubs in the country. I am sure that when the hon. Gentleman goes to watch the team play, it is just like watching the Brazilian team. However, I think that we must let ITV be the judge of what are the most exciting matches to cover this weekend.

T8. [248288] **Mr. Paul Burstow** (Sutton and Cheam) (LD): With 39 pubs closing their doors for ever each week in this country, is it not time for the Government to adopt a smarter approach to both the regulation and the taxation of alcohol, so that we do not see the supermarkets selling beer and other alcohol at pocket-money prices and we do not see pubs closing?

Andy Burnham: The hon. Gentleman raises an important point. It is indeed a matter of concern that pubs are closing in such numbers, and we keep a close watch on that. On the other hand, there is concern about binge drinking and irresponsible marketing of alcohol. Our job is to strike the right balance, ensuring that whatever measures are taken are targeted and proportionate, and at all times recognising the important role played by the pubs in villages, towns and cities throughout the country in giving people a place in which to meet and a good sense of community life.

I am very well seized of the issues that the hon. Gentleman has raised. At all times, particularly in the current climate, we need to help pubs get through difficult times. I assure him that I shall be happy to discuss the issue with him further.

T9. [248289] **Mr. James Gray** (North Wiltshire) (Con): Given that some 70 per cent. of 11 to 17-year-olds who are foolish enough to smoke buy their cigarettes from vending machines across England, it was rather odd that vending machines were specifically excluded from the recent consultation on the removal of cigarettes from public view in newsagents' shops. What representations did the Secretary of State have on the subject of cigarette vending machines from labour clubs and working men's clubs throughout Labour-supporting areas?

Andy Burnham: I think that the constituency I represent has among the highest number of labour clubs of any constituency in the country, and I did not receive any representations on that issue. The marketing of cigarettes is not directly a matter for my Department, but I think we all share the same objective: we need to ensure that young people are not able to buy cigarettes freely. That applies to labour clubs as much as to any other environments.

OLYMPICS

The Minister for the Olympics was asked—

Private Sector Partners

1. **Mark Pritchard** (The Wrekin) (Con): How many private sector partners for the London 2012 Olympics had been secured at the latest date for which figures are available. [248291]

The Minister for the Olympics (Tessa Jowell): The London Organising Committee of the Olympic Games and Paralympic Games has secured 12 private sector sponsors from each of the three tiers by value for London 2012. In addition, there are a further nine worldwide partners secured by the International Olympic Committee. LOCOG has raised about two thirds of the domestic sponsorship that it needs in order to stage the games, and it is worth recording that this is an unprecedented achievement at this stage. In spite of the challenging economic environment and the reported difficulties faced by Nortel, three new sponsors have been announced since last week: Adecco, Boston Consulting Group and Atkins.

Mark Pritchard: I am grateful to the Minister for that response, and everyone wants the Olympics to be a great success, but what price success? What reassurance can the Minister give to the people of London, as well as to my constituents in Shropshire and people nationally, that tax will not rise and they will not have to face yet another tax bombshell because of a lack of planning by this Government—and, dare I say, maladministration—irrespective of whether the Government are using the credit crunch as an excuse?

Tessa Jowell: I can tell the hon. Gentleman that the budget for the Olympics of £9.325 billion—for the construction, security and so forth—is the same now as it was when I announced it back in March 2007. As I am sure the hon. Gentleman's Front-Bench colleagues will accept, they have unprecedented access to the figures and they are properly briefed—as, indeed, they should be. Delivering this project on budget and on time is a discipline that prevails every single day, which is why all the venues are on time and, apart from some of the current equity difficulties in the private sector, they are also on budget.

Mr. Andrew Pelling (Croydon, Central) (Ind): Further to that answer, can the Minister give more detail on how expenditure is being rescheduled and what that change in scheduling might be if there is any increased spending at this stage to deal with any shortfall in private money?

Tessa Jowell: As the House has been told on many occasions, the baseline budget for constructing the park of £6.1 billion also has access to a contingency of £2 billion. The budget is subject to regular scrutiny not only by the Olympic Delivery Authority and the Olympic Executive, but by the funders' group, and all the judgments are that the budget is adequate and will come in within contingency. Let me make a final point: we also recognise that this is a £6 billion shot in the arm for the UK economy, and we are making sure that the contractors deliver apprenticeships and provide young people with skills in order that they can not just get jobs in the Olympics, but have jobs for the rest of their lives.

Tom Brake (Carshalton and Wallington) (LD): Can the Minister confirm what led the Prime Minister when he was Chancellor in 2006 to believe that the private sector would want to contribute £100 million towards elite sport? Were any fundraising targets set at the time, and at what point will the Government admit that this money will not, in fact, be raised from the private sector?

Tessa Jowell: My right hon. Friend the Secretary of State for Culture, Media and Sport and my hon. Friend the Minister with responsibility for sport have set out very clearly the programme whereby our elite athletes will, between the Beijing cycle just ended and London 2012 in three and a half years' time, have access to more money for their training, development and equipment than they have ever had before. That is this Government delivering for the success of our elite athletes and the country.

Hugh Robertson (Faversham and Mid-Kent) (Con): Last Friday, there was an event at the Olympic park to celebrate the halfway point to London 2012 and the contribution made by many of the private sector partners mentioned by my Conservative colleagues, but, unfortunately, only Labour Members of Parliament were invited. Although I appreciated the call from the Minister on Friday, given the importance placed on cross-party working by the International Olympic Committee and, until this point, herself, why did that situation occur and will she assure us that it will never happen again?

Tessa Jowell: I find the hon. Gentleman's intervention on this matter, when there are so many other things to raise, very surprising. The Olympics will be a great national occasion, and it is right and proper that the Prime Minister be part of celebrating that. I invite the hon. Gentleman to endorse the announcement that we made last Friday of an increase in the number of apprenticeships in the Olympic park from 100 to 350, making the Olympics work for the people of this country, getting the country out of the downturn and, as I said, providing a shot in the arm to the UK economy, not only in London, but in the rest of the country. *[Interruption.]* Of course, cross-party working is important—one needs no reminder of that. Let me also make it clear that the Mayor of London was invited and, unfortunately, had to withdraw.

Shooting Events

2. **Mr. Henry Bellingham** (North-West Norfolk) (Con): What plans she has to ensure that the shooting events of the London 2012 Olympics leave a lasting legacy. [248292]

Tessa Jowell: First—*[Interruption.]* We welcome the right hon. and learned Member for Rushcliffe (Mr. Clarke) back to rescue a floundering Front-Bench team.

Following last year's KPMG's review to evaluate the plans for temporary venues, the London Organising Committee of the Olympic Games and Paralympic Games and the Olympic Delivery Authority are undertaking further work to assess the venue for shooting in 2012. That includes consideration of the deliverability of shooting at Woolwich, the cost and the provision of a legacy, and the final decisions will be made by the Olympic Board. I fully appreciate the scale and extent of interest in this issue on the part of the hon. Gentleman and others.

Mr. Bellingham: Can the Minister confirm that using Woolwich will not leave any lasting legacy and will be very expensive? That might be excusable if there were no alternative, but does she accept that there is a perfectly viable alternative at Bisley? It has world-class facilities, it is quite near London, it would offer far better value for money and a small capital investment there would leave a lasting legacy.

Tessa Jowell: The hon. Gentleman has fought a very doughty campaign on behalf of Bisley. It was not designated as the venue for the Olympic shooting precisely because the International Olympic Committee asked that we reconsider the original proposal to locate shooting there. The KPMG study, the terms of reference for which I have set out, was set up precisely to give us the assurance that if public money is invested in temporary venues, it will be well spent and will have the prospect of leaving a legacy.

Paul Farrelly (Newcastle-under-Lyme) (Lab): When does my right hon. Friend expect the Government and the Olympic partners to determine a lasting legacy use for the Olympic stadium? When does she expect a statement to be made to that effect?

Tessa Jowell: We are very actively engaged in discussions with a number of organisations, sporting ones in particular, which will be based in the Olympic stadium in the long term. There are those that have already said firmly that they intend to be based there, but there are a substantial number of potential tenants and as soon as the negotiations are concluded, I shall be delighted to inform the House.

Mr. Humfrey Malins (Woking) (Con): I very much hope that the Minister for the Olympics can bring a smile to my face this afternoon on the issue of Bisley. As she knows, Bisley is on the edge of my constituency, and the Minister with responsibility for sport had a wonderful visit there recently. Bisley has terrific facilities, it is the home of shooting, it has a history of expertise and it can deliver everything on cost. Everybody in Surrey is keen on this, so can she just give me a bit of encouragement that Bisley, which has a wonderful claim, may be chosen?

Tessa Jowell: At this point in Olympics questions, I think that I am simply the warm-up act for the Chancellor of the Exchequer who, I am sure, will put a smile on the hon. Gentleman's face.

Ambassadors

3. **David Taylor** (North-West Leicestershire) (Lab/Co-op): What steps she has taken to encourage former British Olympians and Paralympians to become ambassadors for the London 2012 Olympic and Paralympic games; and if she will make a statement. [248293]

Tessa Jowell: I thank my hon. Friend for his question, and I know that he has a specific constituency interest in the subject. Yes, we expect every medal winner from the Beijing Olympic and Paralympic games to act as an ambassador for 2012, inspiring young people not just to take up sport but to compete and to continue to play sport throughout their adult lives. A long and distinguished list of Olympians have been the most fantastic role models for young people up and down the country and we owe them a debt of thanks.

Mr. Speaker: Order. I call the Chancellor of the Exchequer to make a statement—*[Interruption.]* There is a supplementary question—my apologies.

David Taylor: The British people are proud of retired Paralympians and Olympians who have cycled, jumped, run, rowed, swum and thrown for this nation in past decades: people such as my constituent Barry Jackson, a teenage 400m relay finalist in the 1960 Rome games. It is all very well for them to be ambassadors—that is fine—but does the Minister not believe that the body of fine sports people from the past years should have special consideration when it comes to access to the games and, in particular, should have complimentary entry for their discipline?

Tessa Jowell: I think that that proposal would find a lot of support and I am sure that the organising committee is planning on that basis.

Financial Markets

3.32 pm

The Chancellor of the Exchequer (Mr. Alistair Darling): With permission, Mr. Speaker, I should like to make a statement on today's announcements on bank lending. The House will, I hope, understand that it was necessary to issue a market notice this morning in the usual way.

In the last few months our priorities have been: first, to prevent the collapse of the banking system; secondly, to support the economy; and, thirdly, to ensure that we get lending going again. That problem is also faced by Governments across the world and it is therefore necessary to achieve the maximum degree of international co-operation.

We are taking steps not just to support the banking sector but, importantly, to safeguard the millions of jobs that could be put at risk by the continuing difficulties in the international financial system. Extending the banks' ability to lend is an essential part of the economic recovery, so today I am proposing further measures to meet two objectives. The first is to begin to replace the lending capacity lost by the withdrawal of foreign banks and other institutions, and the second is to remove the barriers that are preventing UK banks from expanding their lending.

I want to set out the new measures in the context of the strategy we have put in place to steer the country though the worst global economic crisis for generations. Over recent months, banks have faced increasingly difficult conditions, as we have seen everywhere around the world, with the Bank of America rescued last week, with Citigroup—one of the largest banks—broken up, with Anglo Irish nationalised, with Commerzbank rescued in Germany and with RBS today reporting substantial write-offs.

Last October, faced with the potential collapse of the banking system, we recapitalised the banks, strengthening their position. As a result, the Government took temporary stakes in two British banks, but, as I said then, we have a clear view that British banks are best managed and owned commercially and not by the Government. That remains our position. As a result of the action we took, no savers in UK banks have lost money.

In the pre-Budget report, I announced substantial extra help for people and for businesses. Lower income tax, more capital investment now and lower VAT, hand in hand with interest rate cuts and lower inflation, will support the economy and jobs. There is clear international consensus that putting money into the economy now, to counter the recession and to help people, is the right thing to do.

The cost of doing nothing would be substantially greater. In almost every country, fiscal expansion policies have now been agreed—including Germany only last week. In the United States, President-elect Obama has already signalled the scale of the fiscal expansion there, but as the President-elect said only yesterday,

"restoring the economy requires that we maintain the flow of credit to families and businesses."

In the UK, the total amount of lending available still falls short of meeting the needs of the economy. Over the last 10 years, lending by foreign banks and non-bank institutions accounted for over half of new corporate loans and 45 per cent. of new mortgages here. A significant amount of lending capacity—by those foreign-owned banks and specialist lenders, for example—has been withdrawn or has been returned to their home markets, demonstrating again the need for co-ordinated international action. On top of that, in the last few weeks the world economic downturn has intensified everywhere: the US, the euro area, and now spreading to Asia, including China, which are all seeing weaker production, companies in trouble and fewer jobs.

As we go into what will be a difficult year, dealing with this global financial crisis will need continuous effort. There is no single remedy. There is no instant solution. We will need a range of measures designed to support lending, help businesses and protect jobs. Together, my measures today remove uncertainty and accelerate a resumption of lending—a necessary precondition for recovery both here and around the world.

There are three measures to address the capacity reduction in the banking sector. First, because of current conditions, companies are finding it harder to get loans, so the Government have today authorised the Bank of England to create, for the first time, a new £50 billion fund that will help increase the amount of funding available to companies—by purchasing corporate assets from the banks—enabling them to invest. That will help large companies and complement the substantial measures announced last week by my right hon. and noble Friend the Secretary of State for Business, Enterprise and Regulatory Reform to support small and medium businesses. The fund will buy assets from banks, financial institutions and financial markets, with finance provided by the Treasury. The Treasury is also supporting the fund with an indemnity. It will initially purchase high-quality private sector assets, such as corporate bonds, commercial paper and syndicated loans, which companies use to finance their business.

The assets purchased by the Bank of England will be good-quality investments, which will eventually be sold, so the taxpayers' interests are protected, and will enable larger companies to get the funding they need at a lower cost. The operating remit of the scheme will be set by the Government, but it will be run on an independent basis by the Bank of England. When purchasing those assets, the Bank of England will ensure that the total amount of money in the economy does not increase. In future, the Monetary Policy Committee will keep under review whether the facility could be used as an additional way of meeting the inflation target, in line with similar operations at the US Federal Reserve. In such circumstances, I will decide the overall scale of the scheme, and I will keep the House informed.

Secondly, to maintain some of the capacity being lost in the mortgage market, I have decided that Northern Rock will no longer pursue a policy of rapidly reducing its mortgage book. In addition, looking at when the housing market recovers, I am considering whether, and if so how, Northern Rock or other UK lenders can best support prudent lending to creditworthy customers who need mortgages but can only afford deposits of less than 25 per cent.

Thirdly, to ensure that RBS, which owns NatWest and a number of other banks, can continue to support lending, I am taking action to strengthen its position. When the Government purchased their stake in the bank in December, a new management team was put in

[Mr. Alistair Darling]

place. The company has announced further losses today, many of which are associated with its investments in the US following its takeover of a Dutch bank, ABN, in 2007, so I have agreed to its request to convert the Government's stake of preference shares into ordinary shares. The Government could now own up to 70 per cent. of RBS. In return, we have agreed with RBS an extension of lending commitments to large companies, and an increase in lending of £6 billion in the next 12 months.

As well as taking action to maintain lending capacity, I want to remove some of the barriers and uncertainty preventing the existing banks from lending further, but in return for that we intend to negotiate with each bank a lending agreement. Those agreements will be specific, covering both the quantity and type of lending made available to people and businesses across the country, just as we have done with RBS today. These commitments will be binding and externally audited.

In return, the banks will get access to support measures: first, a new scheme under which the Treasury will insure certain bank assets, for a commercial fee, against losses on banks' existing loans. The purpose of the protection is to allow the expansion of lending, so the pricing has to be fair and reflect all our objectives. The banks' problems stem from uncertainty about the value of their assets, and faced with that uncertainty, individual banks are reluctant to lend to businesses and companies. This reduces the banks' exposure to risks and will give them the room that they need to lend more. We will insist on the highest international standards of public disclosure and transparency in the operation of the scheme. Countries all over the world are considering similar proposals, and we will work with them to take action together.

The second step towards removing barriers to lending is an expansion of the funding capacity in the financial markets. The credit guarantee scheme that I announced in October will be extended beyond its current end date of April this year, so that it will run until the end of 2009, subject to state aid approval. That scheme guarantees new unsecured borrowing, and so far over £100 billion of the guarantees have been taken up. These guarantees have been successful in helping to bring down the inter-bank lending rate from 6 to 2.25 per cent. To complement that, the Bank of England will continue to provide similar types of liquidity support when the special liquidity scheme expires at the end of this month.

Until recently, up to half of UK mortgages were funded from the wholesale markets. At the time of the pre-Budget report, I accepted the recommendations in the Crosby report on mortgage finance markets. I have announced that the Government will provide up to £50 billion of guarantees, initially on new mortgage lending and eventually on other assets. Overall, the liabilities taken on will be backed by financial assets, and fees will be charged for guarantees and insurance, which will safeguard the taxpayer's interest.

Thirdly, the Financial Services Authority has set out today its policy on capital requirements. It has set out the level of capital that individual banks need to keep on their books to allow them to withstand the slow-down and maintain lending. It will be a key signal that banks should allow their capital to be used to absorb the losses from investments, while not unnecessarily restricting their lending. And because the regulation of capital is fundamentally an international matter, tomorrow I will present our plans to European Finance Ministers in Brussels, and I hope that we can agree similar capital policy changes there.

This financial crisis is affecting every country in the world, so it is crucial that other countries, too, take steps to support their banking sectors. We cannot risk a damaging worldwide spiral of weakened confidence and national-only policy solutions. Stronger international collaboration will be strengthened with the arrival of the new US Administration, and we must not give way to financial protectionism, which could be every bit as damaging now as it was to trade in the 1930s. Instead, we must look to the causes of this international financial crisis; we must strengthen the supervisory and regulatory regime both here and internationally. I shall publish proposals on the regulatory framework for the banks in the spring, together with the FSA's own review.

Internationally, we will be actively pursuing that, as part of our presidency of the G20 throughout 2009. Our objectives in the G20 will be to continue to take action jointly to support the world economy, to act together to restore the flow of credit and to improve the international regulatory regime. This is a continuing effort. Countries all over the world are united in supporting their economies, maintaining lending and protecting jobs. We are ready to do whatever it takes, and I commend this statement to the House.

Mr. George Osborne (Tatton) (Con): I begin by thanking the Chancellor for his statement, but he should have been straighter with the British people about the announcements that he is making today. This is not some long-planned, carefully thought-through second phase of Government policy; it is instead the clearest possible admission that the first bail-out of the banks has failed, and now the Government have no option but to attempt a second bail-out—a bail-out whose size we still do not know, whose details remain a mystery and whose ultimate cost to the people of Britain will be known only when this Government have long gone.

Of course we cannot allow the banking system to fail—but for two months now, the Opposition have warned the Government that bank recapitalisation was not working, that the cost of the preference shares was too high, that the liquidity operations had to be extended, that the promised lending to businesses was not taking place, and that Government guarantees to get lending flowing to the real economy were needed.

For almost a year we have argued for countercyclical rules that control bank lending in a boom and encourage it in a bust. Each one of those arguments was dismissed by the Government, and each one is today accepted by them. The Prime Minister has finally been forced to confront the truth: he has not saved the world, he certainly has not saved the economy, and he has not even saved the British banks yet. Let us remember what he promised last autumn. He said at the Dispatch Box that

> "the aim of the recapitalisation…is to ensure the flow of money to small businesses and families in our economy."—[*Official Report*, 20 October 2008; Vol. 481, c. 30.]

Yet he did nothing to make that happen, and the result has been dozens of companies going bust through lack of credit, and thousands of jobs being lost, while the Prime Minister and the Chancellor wasted their time on a temporary VAT cut that the country could not afford.

The Prime Minister also said at the time of the first bail-out in October:

"We believe that these shares"—

bought by the taxpayer—

"will grow in value over the next period of time".

Well, perhaps the Chancellor could confirm today that on current market valuations the taxpayer has lost almost £17 billion on those shares. We now discover that the Government really did not have a clue about what they were buying, and they did not bother to find out. They did not appear to know that the Royal Bank of Scotland was preparing to post the largest loss in British corporate history. Indeed, on today's share price, the entire bank is now worth less than the £5 billion of preference shares that the Chancellor is swapping.

The Prime Minister says in interviews that he is angry with the banks. What about the anger of the taxpayers who trusted him with their money? So when the banks come to the Government and say, "Please can we have some more?" we expect the Prime Minister and the Chancellor to answer the following questions before they say yes. First, will the Government conduct their own full, independent audit, not just of the agreements signed, which the Chancellor mentioned in his statement, but of the balance sheets of the banks, so that we know exactly what we, the taxpayers, are now underwriting?

The Prime Minister called this weekend for the banks to come clean about their losses. Instead of pleading with them, why does he not insist? That is what the Swedish Government did when they pursued the bad bank model in the early 1990s. That is the minimum required if we are to price correctly the insurance that the Government are offering and protect the taxpayer from catastrophic loss. That is the minimum if we are to reassure the public that there is some control over their losses, and that they are not writing a blank cheque.

That brings me to the second question that the Chancellor must answer. How much is the taxpayer in for? What is the potential loss this time? He could not tell us this morning on the radio, even as the Treasury appeared to be briefing people that the amount was £200 billion. What is the correct figure? What is his estimate? Surely that is the very least that Parliament and the public have a right to know. We need to be absolutely sure that the threat of insolvent banks does not turn into the threat of an insolvent country. We need to be clear that our country's reputation in global markets, and its credit rating, is not put at risk.

Finally, will the Chancellor be straight with people about the announcement today of an asset purchase facility? He mentioned it in his statement, but he did not spell out that it could have implications for the whole country for years to come. That asset purchase facility gives the Bank of England the power to use asset purchases for monetary policy purposes. That amounts to a programme of "quantitative easing"—the modern equivalent of printing money. While no one rules it out, it is the last resort for Governments who have run out of other options. Two weeks ago the Chancellor said in Liverpool that it was "an entirely hypothetical debate"; that was the phrase that he used. Two weeks later, it has become a real option for which the Government are clearly preparing. What has changed in the space of a fortnight?

The first bail-out has failed. The VAT cut has failed. None of the endless summits and initiatives has worked. Unemployment continues to rise. New figures out this morning show that Britain is set to have the deepest recession of any major economy in the world. The Government have achieved nothing. As the Prime Minister and the Chancellor ask the British people to put more of their money on the line, surely the time has come for the Prime Minister and Chancellor to stop blaming everyone else and start accepting their responsibility for the boom that turned to bust. When will they accept that, ultimately, the buck stops with them?

Mr. Darling: Let me deal with the various points that the hon. Gentleman made. First, let me deal with his point about the bank rescue scheme that we put in place last October. His criticism would have much more strength if, in fact, he had not at the time supported what we were doing. There was cross-party consensus that what we did to recapitalise British banks was the right thing to do, because we faced a situation in which the system, not just here but in different parts of the world, faced collapse. That is why we took action, and why it was followed in just about every other developed country, and the hon. Gentleman supported it at the time—although he subsequently found it convenient to move away from that and take up a different position, as the truce the Opposition promised, with cross-party co-operation, appeared to break down.

Secondly, in relation to the support we have announced today, we have done so, because it is quite obvious not just in this country—and it is happening here—but in other countries across the world that economic conditions have deteriorated over the past few months. That is blindingly obvious to everyone, and it is affecting every country in the world. We are seeing it in America and in the euro area. In Germany we have recently seen the effect in industrial production and growing job losses. Growth in China has dropped quite dramatically in the past few months, which in turn has had an impact on confidence in banks and on their reluctance to lend. That is why I have introduced a range of measures to try to unblock some of the problems that we face, as well as providing greater security.

The hon. Gentleman asked about costs, and in October and again today, I have set out the costs that we anticipate. He should remember that many of the up-front costs are offset to a large extent by the fact that the Bank of England or the Government will take securities, or fees will be charged to protect the taxpayer's interest. However, the cost of doing nothing would be far, far greater and far, far more damaging for the country as a whole. He rightly said that if the Government are to insure, acting as backstop, some assets, there must be a thorough audit so that we understand exactly the risks to which we are exposed. The reason why I announced today that we would offer that scheme is that it is now necessary for us to enter into discussions with individual banks, to see what we are prepared to insure. At that point, I will be able to come back to the House and explain exactly what the Government are taking on.

[Mr. Darling]

However, I must tell the hon. Gentleman again that we are not the only country doing this. Unless we are prepared to use the power of government to get lending going again, the problems will simply be compounded as more and more firms get into difficulties—they cannot get access to credit and so get into difficulty—which feeds back into the effect on the banks.

The hon. Gentleman is right—I agree with him—and I said in my statement that we needed to have a thorough audit, openness and substantially more transparency than we have seen in the banking system over the past few years.

The last thing about which the hon. Gentleman asked was the question of monetary policy and quantitative easing, which I mentioned quite deliberately in my statement, because I wanted to tell the House exactly what we are doing. Under the scheme that we are proposing, there would be no increase in the amount of money going into the economy, because for any additional money that the Bank of England puts in through normal market operations, an equivalent sum will be taken out, so that it will not affect the quantity of money in the economy.

I did say, however, that by having this mechanism it is possible that if, at some point in the future, we wanted to use it for monetary purposes, it could be so used, but that is not what we are doing at the moment. I shall repeat to the House what I said this morning: if that policy changes, I shall tell the House. At the moment, although our interest rates are low at 1.5 per cent., we are not in the same position as they are in America, where interest rates are virtually zero. I have been very up-front: I have said to the House that this is exactly what the position is just now, but if the policy changes, I will tell the House.

I would, however, say in conclusion that I am sorry that the hon. Gentleman and the Conservatives could not maintain cross-party support. I really do think that at this time, when we face such serious economic conditions across the world, that all of us should work together to help get credit going again, to help the wider economy, and to help the people of this country and of countries around the world.

Dr. Vincent Cable (Twickenham) (LD): It is clear from the statement today that the crisis in the banking system is even more serious than it appeared three months ago, that the economy is in an even more vicious downward spiral, and that the bank rescue did not work. The Government increasingly resemble somebody who is trying to give the kiss of life to a corpse.

But before we discuss the latest resuscitation techniques, may I go back to the bank rescue that we had? It was a £37 billion recapitalisation: what happened to the £37 billion? Where did it go? The Government tell us that they are putting in place new lending agreements, but when the £37 billion was put in we were told that there was conditionality and that there were lending agreements. What happened to them, and where did the money go? Why was no inventory of bad debts taken at that time?

Is not the truth of the matter that instead of lending the money, as the Government and the Treasury wanted, the banks held it in reserve, as required by the Financial Services Authority? The significance of the FSA's statement today is that it got it wrong and is now having to change its instruction, which undermined what the Treasury, the Government and the taxpayer were trying to achieve.

On the new £100 billion guarantee scheme, how is it possible to insure enormous amounts of bad debt if the insurer does not know the risk and if the risk cannot be evaluated until we have a valuation of the bad debts, which nobody yet has? Are the Government not operating the scheme in a falling asset market, with potentially enormous losses coming through on commercial property, for example? This morning, one of the brokers in the City estimated that in a falling asset market, the £100 billion insurance scheme could produce losses for the taxpayer of £30 billion to £40 billion. We are talking about an amount the size of the defence budget, which could go down the pan if this is wrongly timed and wrongly operated.

May I get to what I think we all agree is the central issue, which is how we get new lending going to sound commercial and household borrowers? I welcome the change of direction at Northern Rock; it had to happen. But the key is what the Government are doing with NatWest-Royal Bank of Scotland. The Government have increased their share from 58 per cent. to 70 per cent. Is that not nationalisation in all but name? Why do we not just say so, and why do the Government not spell out the implications of acquiring a bank whose balance sheet is bigger than the British economy? Why do they not explain to us, for example, why this bank managed to lose £2.5 billion through lending money to a Russian oligarch? This is not just about the past. I have been corresponding with the chairman about the bank's loans to another oligarch, Mr. Deripaska. The chairman tells me that it is a commercial matter—but it is not a commercial matter but a public policy issue. Another public policy issue is what happens to the hundreds of billions—not tens of billions—of toxic paper in the investment bank, because the taxpayer now has responsibility for that.

I want to conclude on this point. The Government now effectively control one of the largest banks in the world. They will almost certainly have to put more money in, and they may well acquire other banks. Why do they not now focus on the issue of how to get those banks—those enormous institutions—channelling funds into the British economy, and concentrate on that single-mindedly as their major objective?

Mr. Darling: I agree with the hon. Gentleman to this extent: the key for us, as for other Governments, is to get lending going into the wider economy. But I disagree with him in that I think that that has to be done not just through one particular bank, but through the banking system in general. The proposals that I have made aim to do that.

The hon. Gentleman asked a number of questions. He asked about the £37 billion. That was used to buy shares in the Lloyds group of banks—Lloyds-HBOS—and also in RBS. We still have those shares, and in time, when conditions improve as we get through this, our intention is to return that back on a commercial basis.

The FSA has made changes to the rules, but it can do only so much; it is also necessary to reform the Basel agreement, which governs the international capital ratios to which the hon. Gentleman referred. He was not the only one calling for that change; many, many people have been doing that.

The hon. Gentleman also asked about the agreements with RBS. The majority shareholding in RBS was acquired by the Government in December, and overall lending by RBS did increase as part of that wider agreement. Indeed, today, in return for converting our preference shares into ordinary shares, RBS has agreed to extend its lending by £6 billion. In relation to the other bank in which we have a shareholding—the Lloyds group—it is only today that that new organisation has come into force because of the procedures that had to be followed through. I agree with the hon. Gentleman and the hon. Member for Tatton (Mr. Osborne) that it is important that we, and indeed banks, are clear about what exactly is on their balance sheets. Clearly, in the case of RBS, the decision to acquire ABN a couple of years ago, with all the problems that have followed from that, caused that bank some very substantial problems.

If we are going to enter into an insurance scheme, or any scheme anything like that, we need to be clear exactly what the exposure is. The hon. Member for Twickenham (Dr. Cable) asked why we do not know today—but he answered that question to some extent himself. That process is difficult when conditions are deteriorating, and it takes time. However, I thought it right to tell the House what the Government's intentions are in that respect. I agree with him that the key thing is to ensure that we take action to get borrowing going into the economy, but that has to be done through the whole banking system, not just part of it.

John McFall (West Dunbartonshire) (Lab/Co-op): I commend the Chancellor for today's initiatives on top of the £37 billion that the Government gave, which most definitely kept these banks alive, albeit that some are on life support today. Let us be clear that the reason for today's injection is the lack of openness and honesty by the banks on the amount of bad debts that they have on their books. That amount has had an almost fatal influence on the lack of confidence in the financial sector. If the steps that the Government take today do not free up lending—after all, what are banks for, if they are not there to lend?—can my right hon. Friend assure us that he will protect the taxpayer's interest, as Sweden did, as the shadow Chancellor said, by taking a 100 per cent. equity stake in the institutions that have failed their shareholders, failed their customers and failed the taxpayers in this country?

Mr. Darling: I am grateful to my right hon. Friend. He is absolutely right that the Government have to continue to do whatever is necessary to get credit flowing. As I said before, my guess is that there is no single solution, and a range of measures will be necessary. However, it is absolutely imperative because our recovery, and the recovery of economies throughout the world, depends on credit flowing again.

Mr. Iain Duncan Smith (Chingford and Woodford Green) (Con): We know that RBS shares are falling like a stone after its announcement today. What concerns many people out there is that the Government took a majority stake in that bank back in December, yet never seemed to know anything about the level of bad debt that it was about to announce less than a month later. How can the Chancellor genuinely reassure the public out there that what he is now proposing, with even more money—billions more—going in, with, it appears, even less knowledge than before, is not good money going after bad?

Mr. Darling: The Government acquired their shareholding in RBS about five weeks ago. A new management team was put in, and a new chief executive, and one of their jobs was to go through the books and find out what their liabilities were. Until that time we did not have the power to go in and conduct that examination, because it was a privately owned bank; it was not owned by the state. That has been possible only since we got that shareholding and put in the different team. Of course, the reporting requirements of the markets mean that these things are reported to the stock market rather than to the House of Commons. I entirely agree with the right hon. Gentleman that very many people in this country are justifiably angry about what has happened. We need to sort the matter out, and we need to ensure that we can sort out the particular problems in the banks that we own, but above all we need to ensure that we can get credit flowing again.

Mr. Ian McCartney (Makerfield) (Lab): I thank my right hon. Friend and support his statement today, particularly his clear stand about an obligation on banks to start lending to our citizens and to our companies in the wider economy. In his negotiations with banks, what obligations will he place on them to deal more fairly with borrowers from low-income families? For the past few years, banks have failed abysmally to offer those people proper facilities and resources to bank in an adequate way, leading them sometimes to become the victim of loan sharks. Can he give some indication of what banks will now be expected to do to assist this huge group of people in Britain who are suffering very badly in the current crisis?

Mr. Darling: My right hon. Friend has a long and distinguished record of putting in place measures to help people on low incomes who have found themselves in the hands of loan sharks. There are two aspects to this issue. One relates to the specific and quantifiable commitments on increasing lending. The other thing that irritates people is the banks' conduct of business and the way in which they communicate with customers. Many people—I have constituents who have had problems like this—say that they have had a perfectly happy existence with their bank for many years, but then suddenly get a letter saying, "By the way, your facilities have been withdrawn or changed—and here's a fee." My right hon. Friend is absolutely right. It is not just a matter of the lending conditions and getting lending going; customers have to be treated fairly. Institutions often fall over themselves to sign people on, but they need to show exactly the same consideration to people who, in some cases, have been customers for many years.

Adam Afriyie (Windsor) (Con): Every sensible business in the United Kingdom and across the world will conduct due diligence before purchasing another organisation, so why did the Government not conduct a sufficient level of due diligence? Will the Chancellor apologise to the British people for losing £17 billion of their money?

Mr. Darling: If the hon. Gentleman just thinks about it for one moment, he will remember that in October, the banking system and individual banks were facing collapse. I suppose we could have said, "Let's consider our position. Let's wait for several weeks or months

[Mr. Darling]

while we carry out some due diligence and see what happens." We were in a position last October where we had to act immediately and decisively. I remind the hon. Gentleman that at that time the Conservative party supported us; I appreciate that its position is different now. We had to act decisively, for reasons that most people understand.

John Reid (Airdrie and Shotts) (Lab): I am grateful to the Chancellor for his past courtesy in correspondence and in his offer of meetings. I welcome in today's announcement the embedding of the principle that there must be a quid pro quo: if guarantees have been given by the taxpayer, transparency and legal obligations are incumbent upon the banks. Will he consider how he might generalise that in his proposals for international reform, for instance, through international monetary exchanges? Market transactions would continue, and they would be balanced by central bank guarantees, but only in return for a greater degree of transparency that would allow some regulation, and a financial contribution from the transacting parties that ultimately could provide reinsurance to replace Government guarantees. Would that not be a better way of internationally combining the market with central Government assistance and guarantees?

Mr. Darling: My right hon. Friend has indeed been in correspondence with me on this subject. I repeat that I would be very happy to meet him to discuss it further. As I said in that correspondence, the question turns on just how much risk the state should be prepared to take on what might be a long-term basis. A balance has to be struck. In the position that we face, every Government will have to do things that they might have thought unimaginable a couple of years ago. It would be foolish to rule out from the start all sorts of things that might be necessary or possible in the future, but a balance has to be struck between what risks we can reasonably expect institutions to take on and those that the state might take on. I am happy to pursue correspondence with my right hon. Friend or to have a discussion with him, should he wish to do that.

Mr. Michael Fallon (Sevenoaks) (Con): Does the Chancellor not recall, after the first bank bail-out on 13 October, when I specifically asked what due diligence there had been in respect of his £37 billion investment, he replied that "a cautious view" had been taken of the banks' liabilities. If he was that careless about the £37 billion, what assurance have we got that the next £50 billion is going to be better value for the taxpayer?

Mr. Darling: As I have just explained to the hon. Member for Windsor (Adam Afriyie), we had to take action very quickly and in a very short period. I think that the hon. Member for Sevenoaks (Mr. Fallon), like most of his colleagues, supported us at that time.

Frank Dobson (Holborn and St. Pancras) (Lab): I welcome my right hon. Friend's statement, but does he accept that this bail-out of Tory bankers will be acceptable to the people of this country only if they can be assured that there will be strict national and international regulation of banking to prevent such a catastrophe from occurring again, and severe constraints on pay and bonuses in all the banks that are receiving public money? If they want public funds, they should be subject to public pay constraints.

Mr. Darling: As my right hon. Friend knows, the banks in which we have taken shareholdings do have restrictions on the pay of their boards of directors. I agree that there needs to be an overhaul of supervision and regulation, and that rules need to be toughened up to reflect the reality of how banks are now developing in this country and others. I certainly agree that far greater international co-operation, so that some of these problems can be spotted and dealt with far earlier, is even more urgent than it was when we first raised the subject in the international community, about 10 years ago.

Mr. Hugo Swire (East Devon) (Con): As part of his due diligence, has the Chancellor discovered what percentage of Rusal is currently pledged at the Royal Bank of Scotland, and does it cause him any concern?

Mr. Darling: I would have to write to the hon. Gentleman on that.

Mr. George Mudie (Leeds, East) (Lab): When the Chancellor brought forward the £37 billion, it was supported in the House because it was seen not as a bank bail-out but as a way of helping the real economy. The bankers took the money and let the Chancellor down. He is now giving them more money. Can we be assured that we have guarantees this time that we did not have last time, and will he spell them out to the House? We need to know that the guarantees are there, and that the bankers cannot let the Chancellor and the people of this country down again.

Mr. Darling: The purpose of the recapitalisation in October was mainly to ensure that the banking system was able to function. *[Interruption.]* I know that that is what it was, because that was precisely why I agreed to it. In return for that, the banks in which we took shareholdings had to agree to maintain their level of lending. RBS, the only bank in which we have had such a shareholding for the past five or six weeks, has increased its lending. It has agreed today, in return for converting the preference shares, to an extra £6 billion of lending. The other group in which we have taken a shareholding, the Lloyds group, is being listed as a single bank for the first time today, so that is when the agreement starts.

My hon. Friend makes a good point about ensuring that we have binding agreements with any bank that uses such facilities, and it is important that we do that. The object is to get money flowing through the economy and providing people with the credit that they need.

John Mason (Glasgow, East) (SNP): The Chancellor said that over the past 10 years, foreign banks had contributed a huge amount of lending for both mortgages and corporate loans. Can he give us any assurance about whether that lending is to be replaced by foreign banks or UK banks?

Mr. Darling: The hon. Gentleman is right to say that a lot of lending came from foreign banks. Indeed, it came from what his colleague the First Minister of

Scotland referred to, until recent times, as "the arc of prosperity". Unfortunately, the arc of prosperity is not providing the level of funding that it did in the past. Part of my announcement today, implementing the recommendations of the report that I commissioned from James Crosby, is that we will guarantee additional lending for both mortgages and businesses, so that we start to fill that gap. Of course, we will do so completely openly, so that people can see what those guarantees are based on. The problem in the past was that a lot of securitised markets were so opaque that people did not know what was going on, which led to a substantial part of the problems that we all now face.

Ann Clwyd (Cynon Valley) (Lab): May I give my right hon. Friend an example of how the banks are treating people who should be some of their more valued customers? A constituent of mine who runs the last medium heavy engineering company in the south Wales valleys was told by Barclays bank just before Christmas that it would be cancelling a temporary overdraft facility, rejecting an application for a Government-guaranteed loan without properly considering it, and cancelling a mortgage offer on the day when it was to be completed. He says:

> "All our plans to refund the company have now been scuppered and closure is now imminent."

Will my right hon. Friend explain how his statement today might help my constituent with his problems?

Mr. Darling: First, I would be grateful if my right hon. Friend would let me have a copy of that letter. It is precisely because we are concerned about the way in which some banks are dealing with their customers that we have put in place arrangements to deal with those individual cases to try to resolve them, and it would be useful to have that information. On the general point, I have made it clear that if any bank in this country chooses to take advantage of the schemes that I have announced today, terms and conditions will attach to them. Without seeing the letter and the precise problems facing her constituent, I cannot answer the question in more detail, although I would be happy to do so and to write to her.

Mr. John Maples (Stratford-on-Avon) (Con): The situation is obviously vastly worse than the Chancellor or anyone else thought a few months ago. In the pre-Budget report less than two months ago, his forecast was based on the economy recovering in the second half of this year, and the maximum fall in gross domestic product being 1 per cent. On that basis, he forecast a Government borrowing requirement of 8 per cent. of GDP. Surely, those assumptions are now totally implausible. Would he care to revise them, and how bad does he think Government borrowing will be in 2009-10?

Mr. Darling: As I said to the House earlier, there is no doubt that conditions across the world have deteriorated sharply over the past few months. As the hon. Gentleman knows, the Government will next publish their forecast at the time of the Budget.

Sir Stuart Bell (Middlesbrough) (Lab): The Government are right to place the emphasis on jobs, people, employment and business. As my right hon. Friend is speaking to European Union Finance Ministers tomorrow, may I remind him that European Union Governments have put €180 billion into their banking sector?

Building on the question asked by my right hon. Friend the Member for Makerfield (Mr. McCartney), will not the first edict of President Obama be that banks should continue to lend to their customers during the recession, in addition to putting in $800 billion? Is not the problem a global downturn, and can the Chancellor resist the Opposition's siren calls to stop the world, because they want to get off?

Mr. Darling: My hon. Friend is right that President-elect Obama has made it very clear that he wants a substantial stimulus to the American economy, and that that is one of the first things he will do when he is sworn in as President tomorrow. In addition, he has made it clear that the American Government need to take action on credit—*[Interruption.]* Opposition Members say from a sedentary position, "We know." They know, but they are the only people in the world who are not prepared to do anything about it.

Sir Peter Viggers (Gosport) (Con): Does the Chancellor remember telling us in his Budget in March 2008 that the United Kingdom was in a better position than other countries to withstand the global difficulties, and does he remember that in October he told us, with much preening, that he had saved the situation? If the current blank cheque does not work, when will we move to the inevitable phase 3—the more careful analysis, appraisal and isolation of toxic assets, and the use of public money to support only sound banks?

Mr. Darling: In relation to the hon. Gentleman's point about banks, it is important that we understand the nature of the exposure of the banks themselves, as well as any banks with which we enter into agreements on insurance, so that we understand the risks. I made the point earlier that I am afraid that it is necessary for the Government to take action. The action that Governments take may vary in approach. Some favour the "good bank, bad bank" approach, and others are considering insurance, but whatever happens, the position now—none of us wants to be in it—is that the world and countries depend on the banking system working efficiently, so we must carry out that investigation.

Mr. Elliot Morley (Scunthorpe) (Lab): This is clearly a severe global crisis, and the Chancellor is right to safeguard our financial institutions, but although I want companies of all sizes to be supported in terms of credit, I am sure that he understands that major sectors such as steel also need their share of attention. I take it from what he said today that they will have access to the credit that they need, because they are the bedrock of our manufacturing.

Companies such as Corus have subsidiaries in France and Holland. Can my right hon. Friend assure me that measures that we put in place in this country will be comparable to those in the EU, and that work forces in companies such as Corus will not be disadvantaged?

Mr. Darling: I can well understand my right hon. Friend's concern about the steel industry, which he has raised with me before. It is important that we have help

[Mr. Darling]

available to the larger companies, and the Bank of England scheme that I announced this morning will do that. I also agree with him that it is important that we act together with other countries, because the effect of us all acting together will be so much greater than if countries act individually.

Sir Nicholas Winterton (Macclesfield) (Con): The Chancellor has many times told the House that the crisis that arose last October was the reason that he invested taxpayers' money, to the tune of £37 billion, in the banks. Have we learned the lesson? I have studied the views of many people, including expert economists and those from the City and in finance. They warned that what was happening in this country—excessive, irresponsible lending and borrowing—could not go on. Why did the Government not act sooner? Coming from a smaller business background, I certainly would have.

Mr. Darling: First, in relation to the recapitalisation of the banks, there are not that many people around who would argue that we were wrong to take the action that we did. We had to do it, and we had to do it pretty quickly, because we were facing a pretty dire situation. The hon. Gentleman raises a far broader point, however, which is that over a number of years we have seen massive credit flows going from the developing countries to developed countries, particularly the United States. Many people commented on those imbalances and wrote about them, but unfortunately the world's international financial institutions were not, I think, up to the task of ensuring that we did something about them. The hon. Gentleman is absolutely right: that is an area that needs considerable strengthening, and it is precisely one of the areas that we will be pursuing through our presidency of the G20—the largest group of developed countries—at a meeting that we will have in London in April.

Ms Gisela Stuart (Birmingham, Edgbaston) (Lab): Does not the Chancellor share my anger at the banks' failure to declare the true extent of their toxic assets? We seem to have to drag the banks, kicking and screaming, to declare them. Until we have a clear understanding of the extent of the toxic assets, we will not get the recapitalisations of the banks or any private investment to achieve that.

Mr. Darling: As I have said, it is important that we understand the extent of the problem. I would say to my hon. Friend, however, that when there is a downturn, there will inevitably be cases in which what might have been a perfectly good loan or investment last year will, because the economic circumstances are changing, turn out to be not such a good investment, and therefore a bad asset. We are in a position where things are changing fairly rapidly, but one of the things that will help restore confidence—we have been saying this for some time now—is that once people believe that they know the full extent of the losses, they will become more confident in dealing with each other.

Mr. John Greenway (Ryedale) (Con): Can the Chancellor say whether he thinks that the changed terms of engagement with Northern Rock will enable it to review its lending interest rates? Northern Rock's standard variable rate is currently more than 5 per cent., against an industry average of 3.5 per cent. Does he share my concern that, with many people in negative equity, the prospects of finding a better deal elsewhere are nil? Such people rely entirely on their lender treating them fairly; this relates to the conversation about treating customers fairly that we had back in October. This issue is critical, so I rather hope that the Government will now insist that the Financial Services Authority use its regulatory powers to make bankers and lenders treat customers fairly, because some of them are not doing so.

Mr. Darling: I agree that all customers ought to be treated fairly. I think I am right in saying that Northern Rock announced recently that it would reduce its rates following the reduction of the Bank of England's rates. *[Interruption.]* The hon. Member for Runnymede and Weybridge (Mr. Hammond) comments from a sedentary position. It was the case that Northern Rock was not reducing rates as much before then, but it did announce a change of policy, I think at the time of the last rate cut.

In general terms, when Northern Rock was the only bank that people were particularly concerned about, because of the difficulties that it had got into, it was right that it should reduce its exposure and repay the substantial sums that the Government had lent it, through the Bank of England, of course. Northern Rock has been reducing those sums and is ahead of its repayment schedule. However, given everything that I have said about capacity, it is now time to look at that policy again, because it does not make any sense to take people off the books of Northern Rock. In some cases they find it acutely difficult to find somewhere else. I therefore agree with the hon. Member for Ryedale (Mr. Greenway) on that point.

Mr. Michael Meacher (Oldham, West and Royton) (Lab): Since my right hon. Friend's first attempts to restore lending did not wholly succeed, and since there can be no guarantee that this latest scheme will succeed, either because some of the big banks decline to participate or because the pricing of the insurance might turn out to be wrong, why, when we all agree that restoring lending is absolutely critical to the fate of the whole economy, will he not use the one device that is guaranteed to restore lending? Why will he not temporarily—I repeat, temporarily—bring the banks into public control?

Mr. Darling: My right hon. Friend has long held that view. His use of the word "temporarily" is actually a more recent amendment. I made it clear in my statement that the Government believe that the banks ought to be in the commercial sector, and that remains our position.

Nick Ainger (Carmarthen, West and South Pembrokeshire) (Lab): Bearing in mind my right hon. Friend's statement that

> "we will insist on the highest international standards of public disclosure and transparency in the operation of the scheme",

will he make a clear commitment to the customers of our high street banks? Despite statements by the banks that they would maintain lending, many of their customers have discovered that that commitment has not been honoured. Will he ensure that any bank that takes part in the guarantee system, or in any equity arrangements, will have to inform customers of the arrangements that it has agreed with the Government, so that businesses up and down the country can compare their experience with the commitment that has been given?

Mr. Darling: As I have said, if banks take advantage of the facilities that I have outlined today, they will have to enter into specific, legally binding agreements, and people will be entitled to see those agreements. The agreements that have been reached so far attach only to the RBS group, because the Lloyds group came into existence only today. The RBS and other banks have increased lending, although it is becoming very obvious that, when we start to break down the figures, the picture can be very different in different sectors and different parts of the country. That is what we need to sort out.

Mr. John Redwood (Wokingham) (Con): Out of the colossal £2,000 billion that the RBS has at risk, only one pound in seven is being lent to British people and companies. Will the guarantee scheme apply to foreign loans, to derivatives and to other assets, or will it be ring-fenced to UK loans?

Mr. Darling: We would have to look at the loans that a bank had as a whole. We are trying to ensure that banks do not have to make so much provision that they would have to do so without the guarantee, and if we excluded assets that were not in this country, the scheme might not be as effective as it might otherwise be. It is important that we understand what is being insured, and that is the difficulty that banks all over the world are facing, because there has sometimes been a lot less clarity on that than we would have hoped.

Rob Marris (Wolverhampton, South-West) (Lab): I refer to the question asked by my right hon. Friend the Member for Oldham, West and Royton (Mr. Meacher). A lot of my constituents cannot understand why, when the banks have made a right mess of things, and the building societies, credit unions and mutuals have not, the Government still hold the

"clear view that British banks are best managed and owned commercially and not by the Government."

My right hon. Friend the Chancellor has just said that in his statement, but it seems rather counter-intuitive, given the mess that we are in today.

Mr. Darling: The Government do not actually own the building societies, which my hon. Friend is praising, either. In the long term, the banks are better left in the commercial sector. Of course the Government have a regulatory duty and a duty to ensure that a proper supervisory regime is in place, but in the long term, in normal times, I do not think that they ought to be running banks.

Mr. Graham Brady (Altrincham and Sale, West) (Con): The Chancellor has given an undertaking that he would come back to the House if he were to change the policy to allow the Bank of England to use the new system to increase the amount of money in the economy, but can he set out today what criteria he would use to make that judgment?

Mr. Darling: What I said was that if the Government's policy were to change in the light of further interest rate falls, I would come back to the House and set out our position at that time. As I said the other day, that is rather hypothetical at the moment.

Clive Efford (Eltham) (Lab): While I welcome what my right hon. Friend is attempting to achieve today, many small businesses are finding it extremely difficult to obtain credit when banks are refusing it or taking too long to make decisions over requests from businesses, particularly in my constituency. When my right hon. Friend next discusses these issues with the banks, I urge him to investigate exactly what arrangements they are putting in place to liaise with small businesses, to understand what such businesses need and to make speedier decisions to allow them either to keep their staff or avoid going under completely?

Mr. Darling: I agree with my hon. Friend, which is why our right hon. Friend the Secretary of State for Business, Enterprise and Regulatory Reform has set up a lenders' group to work with organisations representing small businesses and try to work their way through these problems. My hon. Friend is absolutely right to raise these issues, as many small businesses have encountered difficulties. The object of that particular group is to try to get to the bottom of those problems and to try to resolve them.

Mr. Richard Spring (West Suffolk) (Con): Following on from that question, the Chancellor has indicated the vital importance of getting lending out into the real world, notably to small businesses. Surely this is an opportunity, considering how grievously they are all suffering, for the Chancellor to indicate that he will not proceed to increase taxation, as planned, on small businesses in this country.

Mr. Darling: The Government have taken a number of measures to help small businesses and they will continue to do so; such businesses are a very important part of our economy.

Gaza

4.32 pm

The Secretary of State for Foreign and Commonwealth Affairs (David Miliband): With permission, Mr. Speaker, I would like to make a further statement to the House on Gaza.

From the outset of the conflict, the UK has called and worked for an immediate ceasefire. I know from questions on my statement last week that the whole House will have felt enormous relief on Saturday night when Israel halted its military operations in Gaza, and on Sunday when Hamas stopped its rocket fire. Our relief at the ceasefire is matched by our distress that it has taken so long to be achieved. The respite has come too late for too many.

A ceasefire, as Security Council resolution 1860 made clear, was always going to be the essential first step. We urge Israel to complete the withdrawal of its troops from Gaza with all due speed. Hamas must put a definitive end to rocket fire at Israel. That is why the Prime Minister travelled to Sharm-el-Sheikh and Israel yesterday to join other world leaders in starting to embed that ceasefire and ensure it becomes the durable and fully respected ceasefire that we and the Security Council have called for.

In the last 22 days of the Israeli offensive, more than 1,200 Palestinians have been killed, many more injured, countless thousands displaced and critical infrastructure destroyed. We are yet to know the full extent of the destruction, but horrific accounts and images already fill our news bulletins and we can be sure that life for Gazans, which was already grim, has become desperate. Systems for power, sewage and food distribution are broken or under strain. Meanwhile rockets have reached further than ever from Gaza into Israel. Israel has lost nine soldiers and four civilians.

The Gaza crisis has reverberated around the world. There have been large demonstrations in the middle east, but also in the west. The conflict has also been used to whip up hatred, including in this country, and I am sure the whole House will want to send a very clear and cross-party message that we all denounce the anti-Semitic attacks that have taken place and vow to work for their elimination.

We are faced with two immediate challenges: stopping the flow of arms and starting the flow of aid into Gaza. In respect of trafficking in arms, as the Prime Minister announced yesterday, we are ready to play our part. The immediate security responsibility lies with Egypt, but the origin of these arms stretches way beyond the Egypt-Gaza border. This is where international help, aimed at interdiction, using intelligence and a range of military assets, is important.

It is not just arms that are smuggled, however. The closure of the crossings has also created a thriving illegal trade in necessities, which has filled Hamas's coffers without providing Gazans the basics that they require. Hand in hand with closing illegal traffic must go a vast increase in legal traffic. The immediate priority is to meet the desperate humanitarian needs. That means not simply food and medicine but, for example, sanitation equipment. Then there are all the supplies that are required to repair Gaza's ruined infrastructure and to return power and water. The Government have pledged a further £20 million, on top of the £6.8 million that we pledged earlier in the conflict. British charities have raised millions more.

The Prime Minister made it clear in Egypt and in Israel that reopening the crossings would be vital. The 2005 movement and access agreement between Israel and the Palestinian Authority should provide the framework. We are ready to help, including by reinstating and, if necessary, extending the EU border assistance mission at the Rafah crossing.

Smuggling and the crossings will be at the heart of the discussions this Wednesday evening, when all 27 EU Foreign Ministers meet Foreign Minister Livni, and on Sunday evening, when we meet our Palestinian, Egyptian, Jordanian and Turkish counterparts. However, the critical actors alongside Israel in securing progress, never mind peace, are the Palestinians themselves. Full humanitarian reconstruction will be impossible unless accompanied by political reconstruction. Unity in Palestinian politics is vital to so many things—to rebuilding Gaza, to holding elections, to delivering peace. It is for President Abbas to lead that process. The Arab League and Egyptian commitments of last November point the way forward.

At a time of enormous loss for Palestinians, one thing should not be forgotten. Palestinians on the west bank did not respond to Hamas's calls for a third intifada. In fact, the Government of Prime Minister Fayyad on the west bank showed clearly in their management—political, economic and security management—that given half a chance, Palestinian government can be hugely effective and provide a real partner for peace.

At the UN and in the House last week, I said that the Gaza crisis was a symptom of political failure. To avoid its repetition we need a political process—a strong one. The Arab League showed in its letter to President-elect Obama in December that it was serious about its ground-breaking offer of peace embodied in the Arab peace initiative: the creation of a Palestinian state in return for Arab normalisation of relations with Israel, a genuine 23-state solution.

The challenge is to ensure that this Gaza crisis does not simply provide another grim milestone in an endless conflict. As we help Gazans to rebuild their lives, we must find a way to ensure that this is the last time they will have to do so. That means showing serious progress towards a Palestinian state alongside improved Israeli security. It means a peace process in which closed-door negotiations are buttressed by Israel and the Arab world taking steps to support rather than undermine the peace process.

However, anyone who doubts that peace in the middle east requires the full, intense engagement of the international community needs only to look at the streets of Gaza today. International engagement that is full and intense includes the immediate engagement of the new American President and Administration. President-elect Obama and his Secretary of State-designate Hillary Clinton have made it clear that they understand the urgency and are committed to acting. This will certainly be the first topic raised when I speak to the new Secretary of State this week.

Palestinians and Israelis will be asking themselves today whether they are fated to permanent conflict. I know that I will have the support of the whole House in doing everything possible to avert that future.

Mr. William Hague (Richmond, Yorks) (Con): I thank the Foreign Secretary for his statement. Of course, in common with him, we welcome the ceasefire that took effect at the weekend and the withdrawal of Israeli defence forces from Gaza. I join him immediately in sending the united message from the House to which he referred: whatever the very strong debates about this conflict, they must never be the excuse for anti-Semitism or any other kind of hatred. I also join him immediately in the tribute that he paid to the Administration of Prime Minister Salam Fayyad on the west bank, whose conduct is in such stark contrast to that of the Hamas leaders in Gaza.

Although there is no doubt that the immediate trigger for this crisis was the barrage of rocket attacks against Israel from Hamas, I know that the Foreign Secretary will agree with us that it was very much in Israel's own interests to bring the conflict to an end. While it is alleged that Hamas may often have used civilians as human shields and fired rockets from civilian areas, it is also clear that the civilian toll in Gaza and the number of attacks on United Nations-run schools and compounds, which have yet to be explained, have caused damage to the reputation of Israel in the wider world. The Foreign Secretary did not tell us in his statement—I hope he will do so now—whether the Government believe that these incidents should be investigated, by whom they think they should be investigated, and whether the issue was discussed at the summit in Sharm-el-Sheikh at the weekend.

There are three issues on which I want to ask the Foreign Secretary a few quick questions: how we can bolster what is currently a fragile ceasefire, how to ensure a quick and effective aid supply to the people of Gaza, and how to ensure an early return to the middle east peace process. On the bolstering of the ceasefire, can the Foreign Secretary be a little more specific? There is the Israel-US agreement on preventing arms smuggling, and it is reported that under that agreement the United States will act to block the transfer of rockets from Iran to Sinai and the Gaza strip via the sea and through east Africa. Can the right hon. Gentleman confirm reports that Israel has approached European states, including Britain, to reach similar agreements? As part of the ceasefire agreement, the Prime Minister has offered Royal Navy support. Can the Foreign Secretary say what form that will take, and what impact it will have on the many competing priorities of the Royal Navy at a time of serious overstretch? Can he also say who will lead this mission? Will it be NATO, the EU or a coalition of the willing, and what will be the legal mandate for the mission?

My second few questions for the Foreign Secretary are about the imperative of getting aid to the people of Gaza. We welcome the announcement of his right hon. Friend the Secretary of State for International Development that Britain will be making available an additional £20 million in humanitarian aid. Does the Foreign Secretary believe that the scale of the relief effort overall is likely to be sufficient, and will sufficient technical assistance be available quickly in Gaza to restore the basic infrastructure and prevent the spread of disease, which is always a great worry in these situations? Given the obvious need to open the crossings if aid and assistance is to enter Gaza on the scale needed, can he confirm that the Israeli Government have indicated that the crossings are starting to open from today? What role will be played by the Palestinian Authority at those crossings, and what will happen to the Hamas representatives who are on the ground there? Are there any plans for a broader international monitoring mission to be put in place? Can the Foreign Secretary therefore say precisely what role the EU proposes to assume on Gaza's crossings, and how close we are to an agreement on how this will operate?

Thirdly and finally, the House is obviously united in agreeing that an early return to the middle east peace process is vital. We all want to see this as a top priority for the incoming US Administration right from tomorrow. When the Foreign Secretary speaks, as he said he would do this week, to the incoming Secretary of State, will he make the point that it is vital in that process that the following three things now happen: international pressure and attention to encourage Israelis and Palestinians to make the compromises necessary to achieve long-term peace, including over settlements on the west bank; continuous, albeit cautious, dialogue with Syria; and, on Iran, the stepping up of European pressure against her nuclear programme to buttress any new approaches on this issue by the United States? Is it not the case that we need all those three things to happen together in order to set the region on a path to long-term peace and stability—a vital objective for this Government, and so many other Governments, in the months ahead?

David Miliband: I will go through the three sets of specific questions that the right hon. Gentleman raised. Before raising them, however, he referred to the investigation of serious allegations of war crimes and other misdemeanours, and he will know that I said very clearly in my statement last week that those allegations must be closely and speedily investigated. Obviously, the three key parties to that investigation are the United Nations, the International Committee of the Red Cross and the Government of Israel, and we are in touch with all of them. I should also point out that however heinous is the crime of using people as "human shields"—a terrible phrase—that does not change the responsibilities of parties to the conflict to spare the lives of civilians; it is important not to forget that.

In respect of the ceasefire, we will hear more from the Israeli Foreign Minister on Wednesday. I spoke to her on Friday, and we will have to wait and see where the Israelis' thinking has got to on the smuggling issue and the suggestion of further memorandums of understanding. Obviously, we want to make sure that we make a practical difference in respect of the smuggling, which is in part a local issue across the Egypt-Gaza border, but which is also a wider one given the regional and even global flows of arms that take place.

There are three limits on how much detail I can provide. First, by definition, since the people trying to do the smuggling are acting illicitly, there are natural limits on how much we will ever be able to reveal. Secondly, discussions are under way about the precise combination of different countries and different assets that will be deployed. Thirdly, the legal mandate also

[David Miliband]

needs to be worked through. What was significant about the meeting in Sharm-el-Sheikh yesterday, and the one in Israel, was the commitment of the international community to making a difference on that issue. That is definitely a step change.

On the humanitarian situation, it is very important to distinguish between immediate relief—the matter of life and death, in some cases, in respect of medical supplies now—and the reconstruction that will have to take place in due course. The right hon. Gentleman asked whether I was confident that there was enough; one can never be confident that there is enough, not least in circumstances such as these. Although I understand that the number of lorries going through the crossings has increased over the past day or two—I hoped to have the exact figure when I came to the House, but it had not arrived by the time I left for here—it would be foolish to say that I was confident that the organisation and the amount will meet the need. That is because the need is huge and, as was pointed out last week, given that journalists have not been to the area, the extent of the need is only now being sketched out. A joint EU-UN mission—a so-called "needs assessment mission"—will go in precisely to get to the bottom of the extent of the need. I think that to pronounce confidence now would be complacent.

On the role of the European border assistance mission, the 2005 agreement provides the basis for it and the personnel are in place and waiting, but, of course, very difficult political issues are associated with it. It was an agreement between the Palestinian Authority and the Israeli Government, and both insist that they should be the partners of the EU force at any crossings. There are seven crossings in total—one of them into Egypt—and we need to ensure that the management arrangements are appropriate for all of them.

Finally, on the wider comprehensive peace that is sought, one of the casualties of this crisis has, of course, been the Israel-Syria talks, which were broken off at its beginning. The comprehensive peace to which we are committed, as I believe are the right hon. Gentleman and his party, does indeed require compromises, but it also requires a process. That process will have to be akin more to the Madrid process of the early 1990s than to the Annapolis process of the past year—the key difference being the breadth of the Madrid process compared with the relatively narrow focus of the Annapolis process, however worthy and important it has been.

Several hon. Members *rose*—

Madam Deputy Speaker (Sylvia Heal): Order. Many hon. Members are hoping to catch my eye. May I ask that single questions be put as briefly as possible, so that more hon. Members may be able to contribute to the debate on this important statement?

Mike Gapes (Ilford, South) (Lab/Co-op): Unilateralism is not enough. Does the Foreign Secretary agree that however welcome these temporary ceasefires, they do not necessarily mean that there will be a long-term solution? Will he urgently discuss with his colleagues in the Security Council the implications of the rejection of its resolution 1860 by both Israel and Hamas 10 days ago? Will he try to ensure that if we do get a longer-term ceasefire, it is on a permanent basis? Does he not think that it is necessary to engage with Hamas to secure that?

Madam Deputy Speaker: Order. I have made a request for short questions to the Foreign Secretary.

David Miliband: I admire my hon. Friend's ingenuity in asking those questions. Of course, he is right to say that the focus must be on making a permanent peace. That is certainly what we are focused on, in terms of not only the immediate issues relating to what remains a dangerously fragile ceasefire, but the longer-term issues. We are, of course, in touch with all our Security Council counterparts; a discussion took place last week and there will doubtless be further discussions in future. We will have to think through precisely the sort of discussion that he describes, given that our immediate focus is on the situation on the ground, but I hear what he has had to say.

Sir Malcolm Rifkind (Kensington and Chelsea) (Con): Does the Foreign Secretary share my concern that Hamas, unlike the Israelis, has committed itself only to a six-day ceasefire and has refused to contemplate a permanent ceasefire? Does he agree that if the Hamas group resumes hostilities unilaterally, it will not only show its indifference to the welfare of the Palestinians, but bear the prime responsibility for any further hostilities that follow such an action?

David Miliband: As I said in my statement, we want Hamas to put a definitive end to its rocket attacks, and a six-day ceasefire does not constitute the definitive end that we seek. It is vital that over the next few days those with influence on Hamas should explain the gravity of the situation facing the Palestinian people and put humanitarian need before internal political divisions. In that context, I spoke to the Syrian Foreign Minister yesterday and expressed the very strong view that I hoped that he would use his influence to ensure that Hamas understood its responsibilities.

Mr. Edward Davey (Kingston and Surbiton) (LD): I thank the Foreign Secretary for his statement and totally agree with him that the two key priorities for the next few days must be consolidating the ceasefire and ensuring that the urgent humanitarian aid gets through to all those who need it. May I also immediately agree with him and the Conservative spokesman that we must all fight anti-Semitism wherever it raises its ugly head?

On the ceasefire, will the Foreign Secretary answer in more detail the questions put to him by the right hon. Member for Richmond, Yorks (Mr. Hague) about the Prime Minister's proposals for a Royal Navy deployment to help to stop some of the smuggling? What would be the exact terms of such a British naval deployment, not least any terms of engagement? Will he confirm whether he and his fellow Foreign Ministers made it clear to both sides that they would both be expected to implement rapidly the well-known conditions needed for a sustainable ceasefire, whether those conditions were the end of rocket attacks or the opening of the crossings into Gaza?

On humanitarian assistance, will the Foreign Secretary confirm that there is no prohibition on the UN or non-governmental organisations distributing British-funded aid via the Hamas authorities when that is simply the most effective and quickest way of getting aid to stricken people?

On the question of longer-term support for reconstruction, will the Foreign Secretary ensure that the EU and the British Government remain pragmatic and flexible in how we get the best value for money and the quickest results for Gazans? Will he accept that whether we like it or not, urgent reconstruction will require a level of engagement with Hamas that the international community has not previously managed? There is talk of a $2 billion Arab programme for reconstruction in Gaza, but will he ensure that the EU formally requests the Israeli Government to make significant contributions, too?

As the world reflects on the past few weeks, will the Foreign Secretary give more details on the timing of the investigations into any breaches of international law by either side that the UN or others might want to pursue? May I also return to the reassurances that he gave me last Monday, when he said that no British-made weapons or weapons components were used by the Israeli defence forces in their operations against Gaza? In general, will he commit to provide to the House as soon as possible a full report of the evidence used by the Government to monitor compliance with the Government's policies in relation to arms export licences granted for arms sales to Israel? In particular, will he confirm for the record that the Israeli-owned British company UAV Engines did not supply any parts for any of the Israeli drones used?

Perhaps the most ominous words today come from King Abdullah of Saudi Arabia, who said that the Arab peace initiative will not be on the table for ever. Does the Foreign Secretary agree that that is the clearest diplomatic signal yet of the grave damage that the conflict has brought on Israel's own long-term interests for peace? Does he agree that such views mean that everyone must now redouble their efforts for a lasting peace in the middle east?

David Miliband: Of course, the hon. Gentleman is right that both the crossings and the rocket attacks need to be addressed. That was certainly at the heart of my statement, and it is at the heart of the work the Prime Minister and I are doing. The hon. Gentleman will know that the redistribution of aid is done through the United Nations Relief and Works Agency, which has a record of putting the needs of the people whom it serves first. We support wholly the way in which it has gone about its work.

The hon. Gentleman talked about engagement with Hamas and it is important to repeat what I said last Monday: the Arab League has nominated Egypt as the interlocutor for the Arab League and has requested that it be the interlocutor for the world community in engaging with Hamas. At the moment, that engagement is about the ceasefire—and rightly so, because the ceasefire must be kept in place. That is the right way forward. Others are talking to Hamas, but in this case it is right that we should follow the lead of the Arab League.

In respect of the timing of the investigations, they must take place as soon as possible. People are finally able to get back into Gaza and it is evident that there needs to be a proper investigation. Delay in such matters has obvious dangers.

In respect of arms, the hon. Gentleman did not quote accurately what I said last week, but I am happy to repeat that it is not yet completely clear what equipment has been used. However, as with all conflicts, we will take into account the recent conflict and the conduct and methods of the Israeli defence force in that conflict in the assessment of future export licences. To put it on record again, as I did last week, the policy is absolutely clear: where there is a clear risk of shipments of exports being used either for internal repression or for external aggression the export licence is not granted. That remains exactly the position.

The hon. Gentleman asked for a report on whether the so-called consolidated criteria on arms exports—the EU and national criteria that have been brought in over the last 10 years—are being adhered to. I can offer him not just a Government report; in a recent case the High Court ruled that the Government were implementing the consolidated criteria in full and without any of the dangers or breaches that had been alleged. It found our application of the consolidated criteria correct in all particulars.

Jeremy Corbyn (Islington, North) (Lab): Will the Foreign Secretary ensure that investigations take place immediately into the use of illegal weapons by Israel, with reports of re-bombing of places that it has already bombed with white phosphorus to try to destroy the evidence, and that all evidence will be collected, collated and put before the International Criminal Court so that these war crimes can be properly investigated and the perpetrators, be they Ministers or not, brought to justice?

David Miliband: My hon. Friend raises an important point. He will know that there are detailed applications of the law on conventional weapons in respect of white phosphorus and it is important that they are followed absolutely and clearly. Certainly, the practice in respect of avoiding its use on populations is very clear and needs to be followed.

Mr. Michael Ancram (Devizes) (Con): Who does the Foreign Secretary expect to pay for the reconstruction of the non-military targets that were either destroyed or severely damaged in the recent bombardment, and does he expect the Government of Israel to make a contribution towards those costs?

David Miliband: In a way, it is good that the financing arrangements have not been the centrepiece of the focus of commitments on reconstruction and that what have been absolutely clear are the commitments to reconstruction themselves. I hope that the whole international community will make a contribution.

Sir Gerald Kaufman (Manchester, Gorton) (Lab): In welcoming the increased aid from the UK to Gaza, may I ask my right hon. Friend to clarify the logic whereby we can send the Royal Navy to enforce an arms ban on Hamas while continuing to sell arms to Israel, after a conflict in which 1,200 Palestinians were slaughtered and four Israelis were killed by Hamas rockets? That is an exchange rate of one Israeli life for 300 Palestinian lives.

David Miliband: It is not least because of those statistics that we have said from the beginning that the response was disproportionate, but that is no comfort to the people at the receiving end. In respect of the logic for which my right hon. Friend asked, the best thing is

[David Miliband]

to repeat that our arms exports criteria remain some of the toughest in the world. They are explicit in saying that where there is a clear risk—not a certainty but a clear risk—that any components would be used for internal repression or external aggression the export does not take place. Given my right hon. Friend's record in tackling the illicit flow of arms around the world, he will see that there is logic and good sense in trying to do everything possible to interdict the arms upstream so that they do not become either a source of insecurity for Israel or a reason for Israeli attacks on Gaza.

Mr. Hugo Swire (East Devon) (Con): Getting fresh water into Gaza and dealing with the sewage problems must be a priority, and should be considered as one. When the Foreign Secretary is discussing access to Gaza with his counterparts in Israel, will he not neglect Israel's blockade of Gaza by sea and does he think that it could be lifted at some point? Although he is absolutely right in saying that UNRWA will lead on the emergency services needed in Gaza, it will not necessarily lead on reconstruction, so given the British Government's recent experience in both Afghanistan and Iraq, will he state today that Britain will take the lead and convene a conference in London to plan the long-term reconstruction of Gaza?

David Miliband: We certainly want to play a leading role in the reconstruction effort, and the presence of the Department for International Development Minister today in Israel is testimony to that. Of course, in respect of the sea, there are two clear issues: one is how aid comes in; the other is the interdiction of the arms that are going there. The truth is that the main supply of humanitarian aid must be through the crossings, and it can be massively increased, given the blockage that has been in place for quite a long time.

On the UK's contribution to the sea-based interdiction, the Prime Minister's offer on the role for the Royal Navy has been widely welcomed. The hon. Member for Kingston and Surbiton (Mr. Davey) asked me for exact details on how that would work. I am not in a position to provide those exact details, because that depends on what contribution other countries make, but we certainly want to ensure that the Royal Navy's expertise is properly used. Its value is being shown around the world at the moment, and I assure hon. Members that we will ensure that the appropriate contribution of the Royal Navy is used to best effect.

Martin Linton (Battersea) (Lab): I welcome my right hon. Friend's efforts to achieve a ceasefire, and I hope that he will put equal effort into reopening the crossings and lifting the blockade if the ceasefire is to last. Although specific allegations of war crimes must be investigated, does he not agree with the thousands of people who have marched or written to newspapers that Israel's conduct of the war has been not only excessive and disproportionate but inhumane, both in scale and method, and an abuse of human rights?

David Miliband: My hon. Friend knows that some very deep legal questions are engaged in the phrases that he has used. In that context, it is better to stick to the political statements that we have made, which have been clear and unequivocal in our view of the conflict. The legal consequences will of course be investigated, and any legal issues will of course be taken up, but they will rightly be taken up in the courts, rather than here.

Mr. Alistair Carmichael (Orkney and Shetland) (LD): Surely, it is not by casualty figures but by the scale of the force that we determine whether action has been disproportionate; but by either yardstick, the Israeli actions in Gaza have been wholly disproportionate. Surely, in the circumstances, it is unthinkable that we should issue export licences to Israel until we have what is not just a ceasefire but a peace deal.

David Miliband: We should certainly not issue export licences for internal repression or external aggression, and we are agreed on that. That is the existing policy. In respect of the first part of the hon. Gentleman's question, both those considerations come into play.

Mr. Andrew Dismore (Hendon) (Lab): The aid that my right hon. Friend has announced for humanitarian purposes to the Palestinians is very welcome. Will he confirm that UK taxpayers' money will be properly accounted for and that Hamas will not be able to cream off any of that money for its own ends?

David Miliband: Yes, of course—through the processes that are very well developed and taken very seriously by the Government.

Peter Bottomley (Worthing, West) (Con): The only thing that seems to be balanced is opinion in Israel, where 41 per cent. of people appear to support the action and 41 per cent. opposed it. Will the Government find a way to publish their assessment of the conditions of life in the Gaza strip before Operation Cast Lead and now, afterwards? Will the right hon. Gentleman also find a way to make a statement again on the British Government's policy on the wall and its location, on the settlements and on the future possible conflict involving Iran, Israel and perhaps others?

David Miliband: Those in the UN are the best people to tell hon. Members about the situation on the ground. There was a debate last week in the UN Security Council, with a report from Sir John Holmes, the Under-Secretary-General for Humanitarian Affairs, precisely on the situation that existed before the conflict and two thirds of the way through it—at that stage—and, no doubt, there will be a further report from the UN in due course.

I am sure that we will have many occasions on which to debate the wider issues that the hon. Gentleman raises, but the parameters—I use the word advisedly—of a solution are widely agreed. In it, the 1967 borders are, more or less, the borders of a Palestinian state and of Israel; any difference from the 1967 borders being accounted for on a one-for-one basis, with Jerusalem being the capital of both countries. I could almost say that there is consensus. There has been consensus between the Israeli leadership and the Palestinian leadership on the long-term vision at various points. Importantly, in the end, the peace cannot be between Israel and the Palestinians only. It has to be between Israel and the whole Arab world. That is the significance of the comprehensive approach that we advocate.

Dr. Brian Iddon (Bolton, South-East) (Lab): When I was in the Gaza strip on 14 April last year, the first thing that we came across, just inside the Erez crossing, was a large lagoon of sewage, in which a five-year-old boy had already died. Raw sewage was pouring into the sea 24/7, and there were piles of rotting rubbish lying in all the streets because the refuse vehicles could not function. Does my right hon. Friend agree that the public health situation in Gaza is now even more urgent than it was then, because the population is so traumatised that disease will spread if it takes hold?

David Miliband: Yes, and my hon. Friend did not have time to mention that 13 medical personnel have been killed in the course of the conflict, adding to the dangers of the spread of disease. The emphasis that I have placed on the issue, by talking about not just food and fuel but emergency sanitation equipment, speaks directly to the point that he makes about the sewerage system, or lack of it. That is a significant part of the emergency that still exists, because although things are absolutely terrible now, they could get worse. That is what the whole international community needs to try to avert.

Mr. Elfyn Llwyd (Meirionnydd Nant Conwy) (PC): I very much welcome the Government's offer of naval patrol boats as part of an EU force. Will the Secretary of State assure the House that their remit will place equal emphasis on preventing arms smuggling and ensuring the free and fair movement of humanitarian aid and medicines? That is vital. Also, will he assure the House that incidents such as the ramming of the MV Dignity a few days ago by Israeli gunboats will not be repeated when that remit is in place?

David Miliband: The vast bulk of humanitarian aid will go overland, or by air. Certainly, the purposes of the Royal Navy activity relate to the interdiction of smuggling. I hear what the hon. Gentleman says, but the humanitarian advice that we are getting, from the US and elsewhere, is that it is overland work that is absolutely critical to the humanitarian situation.

Frank Dobson (Holborn and St. Pancras) (Lab): Following the point made by the hon. Member for Meirionnydd Nant Conwy (Mr. Llwyd), as the Navy will be deployed in preventing the importation of arms, can we at least seriously consider whether it should be deployed to ensure the importation by sea of any goods that the Palestinians need? We would thus restore the Royal Navy to its ancient task of ensuring the freedom of the seas and breaking blockades.

David Miliband: I take my right hon. Friend's point very seriously. If there is any way for the Royal Navy to play a positive role in ensuring that humanitarian relief gets to people who need it more quickly, of course we should find and use that option. I have to say that it has not yet been suggested that my right hon. Friend's idea is necessary, but I know exactly the spirit in which he makes the suggestion, and I assure him that I will look into it.

Mr. Andrew Turner (Isle of Wight) (Con): I was going to ask a similar question. What kind of ports and harbours are there on the coast to the west of Gaza, and are there any plans to extend those ports, temporarily or permanently?

David Miliband: They are very limited; that is the answer. The hon. Gentleman will know that Gaza airport has been closed for a number of years, and that is the obvious way in which to try to get aid in fast, which is important.

Laura Moffatt (Crawley) (Lab): My right hon. Friend rightly says that the ferocious violence has reverberated around the world. Many hundreds of people from Crawley have contacted me to raise concerns and make suggestions. Will he give me an assurance that those concerns and suggestions will get to the heart of Government, so that we can dissuade violent and extremist behaviour, and so that those people can know that he is listening to their concerns?

David Miliband: I am happy to confirm that. People all over the country have become engaged, and have focused on the crisis for the past three weeks for good reason. The reverberations do indeed go around the world, and I am happy to hear representations, or discuss further with my hon. Friend the views of her constituents.

Clare Short (Birmingham, Ladywood) (Ind Lab): First, may I remind the Foreign Secretary that there was a ceasefire before, and the consequence was that Israel tightened and tightened the siege, then it started the bombing in early November that broke the ceasefire? Secondly, there is no peace process, because Israel keeps breaking the Geneva convention, building more settlements and the wall, and the roads are subject to closure. We will not achieve progress without action on Israel, requiring it to comply with international law. We need action in the Security Council to set up a war crimes tribunal—that is how we can get action. So what action will the Foreign Secretary take to ensure that Israel is held to account under the Geneva convention? Otherwise, there will be no progress.

David Miliband: I said last week in this House that, although the immediate trigger for the crisis was the upsurge in rocket attacks after 19 December, as the right hon. Lady rightly says, in the preceding six months there was a ceasefire only in name, because there were rocket attacks, a tightening of the blockade, a further closing of the crossings and a deterioration in the humanitarian situation. I do not quite subscribe to the sequence that she put on those three facts, because I think that they all happened at the same time: there were further attacks, a further tightening of the blockade and a further deterioration of the humanitarian situation. It is obviously vital not just that the Security Council remain engaged—that is why I was in New York last week, and why we continue to believe that the Security Council has an important role to play. It is also why I emphasised the Madrid model—it is not the exact model for the future, but it engaged the international community fundamentally in those issues. It is important, too, that every signatory to any international convention adhere to its requirements and to international humanitarian law in general.

Jim Sheridan (Paisley and Renfrewshire, North) (Lab): May I welcome the Government's early and consistent call for an immediate ceasefire in Gaza, and may I contrast it with the situation in Lebanon, as such a call was not made then? If there is to be an investigation, will my right hon. Friend assure me that it will take account of the frustration and anger at the timing of the attack? The Gaza people have suffered, and they are victims of a double whammy. First, the forthcoming elections in Israel have been used for some perverse reason by Israeli politicians to show their toughness. Secondly, those same politicians have exploited the dying days of the Bush Administration, which should be taken into consideration.

David Miliband: I hope that my hon. Friend understands that I shall not comment directly on the implications for the Israeli general election. It is clear that the peace process of the past year was too slow in making progress, which is at the heart of the ticking time bomb in Gaza that went off to such devastating effect. It is certainly to the return of some sort of inclusive process that we are dedicated.

Sir Alan Beith (Berwick-upon-Tweed) (LD): Is the harsh reality not that those two unilateral ceasefires are extremely vulnerable unless the international community convinces lots of ordinary Israelis that there is a better route to their security that does not involve the slaughter of the past few days, and convinces a great many more Palestinians that there is a route to a viable Palestinian state that depends on engaging with the peace process?

David Miliband: Yes. The drive for an end to the stateless tragedy of the Palestinians and the insecurity of the Israelis has been a race against time for a long time. At the moment, time is winning, rather than the peace process. The longer it goes on, the more difficult it gets, and the more serious the consequences of failure, as we have seen over the past few devastating weeks. That is why I am glad to have, if I may say so, the right hon. Gentleman's support, as well as his party's support, in pursuing a comprehensive approach to the resolution of the problem, which requires every country, not just the United States, to play a part.

Ann Clwyd (Cynon Valley) (Lab): My right hon. Friend knows that the people of Gaza made Hamas their elected choice in what were described as free and fair elections. The Israelis have locked up 45 Hamas MPs, and some Fatah MPs as well. What can my right hon. Friend do to secure the release of the properly elected representatives, either to stand trial or to be let go?

David Miliband: My right hon. Friend has made an important point. We should continue precisely to make the case that those people should be either charged or released. They have now been in custody for at least 18 months, I think. That is an unacceptably long period, and they must either face the law or be allowed to go about their business.

Mr. Andrew Pelling (Croydon, Central) (Ind): In answering questions, the Foreign Secretary has spoken with confidence to suggest that the strong restriction on the export of weapons to Israel means that they have not been used to repress the Palestinian people. Will he clarify whether he feels that some of the weapons that had been given licences have been used to kill Palestinians? If that is true, is there a case for further restricting the export of such weapons?

David Miliband: I have said repeatedly that we have a clear policy. When there is a clear risk that arms or their components would be used for internal repression or external aggression, those arms are not exported. To repeat what I said earlier, the totality of the equipment that has been used is not yet completely clear. As I also said earlier, any evidence of IDF methods or tactics in this conflict will be taken into account in assessing the clear risk in future licence applications. I hope the hon. Gentleman will accept that the words that he put into my mouth were not the words that I actually used. The words that I have used are very clear. It is not yet completely clear what equipment has been used. Our approach to exports in the past is clear and it is also clear that in future the conduct and methods of this conflict will be used in the assessment.

Ms Diane Abbott (Hackney, North and Stoke Newington) (Lab): The Foreign Secretary will be aware that of the 1,200 Palestinians killed in the recent conflict, a third were women and children. It is useful of him to keep repeating the British arms export criteria, but I ask him, once again, whether he is confident that no British arms—including those produced by an Israeli-owned arms manufacturer—have been used to repress the people of Gaza.

David Miliband: Perhaps my hon. Friend has a particular case in mind, given how she chose her words at the end. I am not sure; perhaps we could have a word afterwards. We take seriously the commitments that we make about the need for British exports not to be used for internal repression or external aggression. The best thing to say is that we will ensure that any suggestions that there has been such use are investigated fully. Last week, I said in the House that I was confident that an allegation made in one newspaper about one particular weapon was not true—it was not being used by the IDF, but had in fact been for export. I am happy to stick by that. Rather than my saying, "I am confident," which can sound complacent, it is better for me to say that we have a clear policy and that we should continue to assert it and implement it clearly. That is what we are determined to do.

Rob Marris (Wolverhampton, South-West) (Lab): In the past year, Hamas has launched repeated rocket attacks. Will my right hon. Friend tell me, today or later in writing, what proportion of those rockets have fallen on land militarily stolen from Palestinians by successive Governments of Israel after 1966—land that is now illegally occupied by Israeli colonists?

David Miliband: That sounded like the sort of question to which my hon. Friend has the answer. I do not want to guess the answer, but I assure him that I will try to find it out. I shall write to him with it and place a copy of my reply in the Library of the House.

Mrs. Louise Ellman (Liverpool, Riverside) (Lab/Co-op): The humanitarian situation in Gaza is horrendous, but there are reports that Iran has stated that it wishes to rearm Hamas as its proxy. Do the steps set out by the Foreign Secretary deal with that issue?

David Miliband: Obviously, we would deplore such a statement or such an intent. The measures are designed precisely to forestall that eventuality.

Several hon. Members *rose*—

Madam Deputy Speaker (Sylvia Heal): I call Chris Mullin.

Mr. Chris Mullin (Sunderland, South) (Lab): I thought you would never ask, Madam Deputy Speaker.

How can we possibly justify allowing the Israelis preferential access to European markets, in view of the enormity of what they have done in Gaza and the relentless advance of the settlements across the west bank?

David Miliband: My hon. Friend will know that the EU-Israel trade agreement is matched by an EU-Palestine trade agreement. It is vital that the access that the Palestinians are guaranteed under that agreement is fulfilled. It is also important that the produce from settlements does not get the benefit of the EU-Israel trade agreement, which was designed to ensure preferential access for Israel and not for the settlements, which we recognise as occupied Palestinian territory. It is for the benefit of both that the agreements that were last signed in 2004 are followed through.

Mr. Neil Gerrard (Walthamstow) (Lab): If this ceasefire is to be more than just a temporary lull in the cycle of violence, must not the Government of Israel somehow be made to recognise that they cannot reserve for themselves, as Israeli politicians seem to want to do, the right at any time to impose total blockades on Gaza, which stop any goods going in and out, stop power being supplied, and even stop medical supplies?

David Miliband: It must be right that matters that are subject to international negotiation, such as the 2005 agreement on crossings, are implemented in full, and that is certainly what we are determined to see happen. That is absolutely essential if there is ever to be progress for the people of Gaza.

Mr. Andrew Love (Edmonton) (Lab/Co-op): May I seek some reassurance from my right hon. Friend regarding the opening of border crossings to avert a humanitarian catastrophe in Gaza? He has already said that the situation is being monitored in terms of the number of vehicles going in, but can he assure the House that he is taking every active step possible to ensure that Israel recognises its international obligations and tries to make up for some of the considerable damage that it has done to its own reputation?

David Miliband: Yes. I assure my hon. Friend that I am doing everything in my power, as are my right hon. Friend the Secretary of State for International Development and his Minister of State, who is in the region today. There is a humanitarian catastrophe in Gaza. I wish that we were talking about averting a humanitarian catastrophe, but there is one now, and the danger is that more people lose their lives as a result of it. That is what we are seeking to avert, and I assure my hon. Friend that we are working very hard to do so.

Policing and Crime Bill

Second Reading

5.22 pm

The Secretary of State for the Home Department (Jacqui Smith): I beg to move, That the Bill be now read a Second time.

Before I start, may I welcome the hon. Member for Epsom and Ewell (Chris Grayling) to his new position on the Front Bench? He has very thoughtful and decent shoes to fill—those of the hon. and learned Member for Beaconsfield (Mr. Grieve)— but I am sure that he will do a very good job. *[Interruption.]* I will not say it about the hon. Member for Bury St. Edmunds (Mr. Ruffley).

This Bill builds on a determined commitment by this Government to protect the public through investment and reform in our police service by building strong and secure communities where we support the law-abiding majority and protect the vulnerable while punishing those who do not play by the rules—making sure that justice is not only done but seen to be done. To date, we have made good progress. Since 1997, crime is down by nearly 40 per cent.; burglary and car crime has more than halved; we have invested more than £1 billion to establish neighbourhood policing across England and Wales; there are almost 14,500 more officers in the police force, alongside police community support officers and backed by more civilian staff and a major increase in funding; and the likelihood of being a victim of crime is now lower than at any time in more than 25 years.

That is a tremendous record that stands as a testament to the achievements of this Government working in close collaboration with our many partners across the police, the courts, local government and the voluntary sector, as well as our most important partners—local people willing to stand shoulder to shoulder with the police in tackling crime and antisocial behaviour in their communities.

David T.C. Davies (Monmouth) (Con): Could the Home Secretary confirm that someone's chances of being a victim of a violent crime such as a stabbing are significantly higher now than they were last year or 10 years ago, when her Government took office?

Jacqui Smith: No, I am not willing to accept that. What is more, and I am sure that we will get the chance to explore this in greater detail when I come before the Select Committee on Home Affairs, the actions of the police and their partners, particularly in those areas where knife crime has been the most significant crime issue, should be commended for the difference that they have made, especially in recent months.

Alun Michael (Cardiff, South and Penarth) (Lab/Co-op): Would my right hon. Friend take this opportunity to acknowledge the benefits that have come from the initiative to reduce violent crime in Cardiff, which was led by a medic who worked very closely with the police, taking a clinical approach to reducing crime? Is that not an example of the value of the crime reduction partnerships, and of the sort of benefit that has quietly been reaped in recent years? Does she agree that we should see such examples in every part of the country?

Jacqui Smith: My right hon. Friend makes an important point about a project in which he has taken a personal interest. I am sure that he will be interested to know that through the tackling knives action programme, the project is being extended into the 10 areas that we are working with. The link between accident and emergency departments and the local police is being extended so that they can work together to tackle, and reduce, the amount of knife crime. We are determined to build on that solid foundation, and the measures in the Bill will enable us to do that by increasing the effectiveness of the police and by enhancing local accountability in order to build even greater public confidence in the police force. Those measures will underpin our ability to tackle thugs and criminals at local, national and international level, and reinforce our powers to protect some of the most vulnerable in our society.

Mr. Andrew Pelling (Croydon, Central) (Ind): In the past, attempts have been made to engage the community through the use of neighbourhood panels, but sometimes the police reject the involvement of local residents associations. I have one such very strong association in my area: Spring Park residents association, which has been denied representation on that panel. Would the new legislation make it easier for strong residents associations to be represented on those important neighbourhood panels, which, in turn, support the police?

Jacqui Smith: I obviously do not know the details of the circumstances that the hon. Gentleman describes, but it is my view, as I shall explain later in my speech, that local people need a strong say in policing, particularly at the neighbourhood level. We need to find more ways of involving them, rather than cutting them off from the process.

The significant investments made by this Government have undoubtedly helped the police to make this country a great deal safer. By 2010-11, the police grant will show an increase of £3.7 billion on 1997 levels, and it is fair to say that the force has never been so well supported in terms of personnel and equipment.

Rob Marris (Wolverhampton, South-West) (Lab): I suggest to my right hon. Friend that the Government's manifold success in tackling crime has been built rather more on the efforts of a well-funded police force than on successive pieces of criminal justice legislation, which wend their way endlessly through this Chamber. Could she say a little more to the House about why we need another police and justice Bill? It will be about the 46th Bill in the lifetime of this Parliament—[HON. MEMBERS: "66!"] Somebody says from a sedentary position that it is the 66th. That does seem an awful lot.

Jacqui Smith: I am sure that my hon. Friend will be interested to know that during the 11 years of this Government, we have, on average, passed less Home Office legislation than was passed in the equivalent period under the previous Conservative Government. However, I will go on to explain to my hon. Friend why what we are proposing in the Bill will make a difference to the people whom he represents and why it is important.

Bob Spink (Castle Point) (Ind): I generally welcome the Bill, and I will support it. Following the point just made, does the right hon. Lady accept that we must build on existing legislation? On the abuse of alcohol, she will be aware of the Confiscation of Alcohol (Young Persons) Act 1997, and the requirement of that Act for the police to involve parents. Will she make sure that this Bill does nothing to take away the requirement on the police to involve parents and communities when trying to tackle under-age drinking on our streets?

Jacqui Smith: The hon. Gentleman is exactly right. In the tiered approach that we propose for tackling under-age drinking, we have made more specific provision that parents should be involved, and at an early stage.

To return to police reform, even with the great strides that we have made there is still scope to do more. The policing Green Paper set out a radical programme of reform designed to make the police service more efficient, visible and accountable to the public whom it serves. We are already seeing the benefits of those changes. For example, all 43 police forces in England and Wales signed up to the policing pledge, setting out the minimum standards that people can expect from their police service. It represents a major milestone in engaging communities and helping local people to set the right policing priorities for their area. Monthly meetings and local crime maps are already helping local people to influence local action, which is a crucial step in generating greater confidence across communities and creating a more responsive police service.

Mr. Stewart Jackson (Peterborough) (Con): I am sorry to interrupt the Home Secretary's paean of self-congratulatory humbug. Perhaps she would like to explain to my constituents why, since 2004, she and her predecessors have consistently failed properly to fund local police authorities such as Cambridgeshire to deal with the impact of EU migration, which has had a massive and demonstrable impact on crime and policing in our area. Despite promises from the Minister for Security, Counter-Terrorism, Crime and Policing, who is sitting next to her, we are still not properly funded and we are still in the bottom five funded authorities in the country.

Jacqui Smith: Some of the congratulations that I offered were to the police themselves. As the hon. Gentleman argues for greater funding for Cambridgeshire police authority, he might like to ponder the impact of his Front-Bench team's proposed £160 million of cuts to the Home Office budget from this May—the equivalent of 3,500 police officers across the country. Opposition Members would be better off charging their Front Benchers with ensuring that they continue even our level of support for police authorities such as Cambridgeshire before they start pleading for more.

Keith Vaz (Leicester, East) (Lab): What steps is the Home Secretary taking to ensure that her Department passes on the good practice of some police authorities, such as what the Select Committee on Home Affairs saw on a visit to Staffordshire? The authority there had reduced greatly the amount of paperwork involved in processing particular crimes. It is important to pass that good practice on to other police authorities and, even though all the authorities are different, to try to get some standardisation of good practice in the police force.

Jacqui Smith: I am sure that my right hon. Friend will therefore be pleased to know that I said just before Christmas that the sort of scheme that he saw in Staffordshire should be available throughout the country, in the same way that good practice in the use of hand-held computer devices and the scrapping of the stop and account form are now available across the country. That is driving good practice and efficiency among police forces. Of course, we have also stripped away national crime targets for the police, leaving just a single target for each force to satisfy—increasing public confidence. That is crucial, because reinforcing confidence in a fair criminal justice system is the key to maintaining the support and active involvement of the public in our fight against crime and disorder.

Margaret Moran (Luton, South) (Lab): I welcome my right hon. Friend's comments about public engagement, and I thank her for making Luton one of the new neighbourhood crime and justice pioneer areas. In that context, will she ensure that the police use new technologies to engage with communities as well as evening meetings? Mums do not do evening meetings, so we need to use BlackBerries, as Bedfordshire police does, and online consultations to ensure that the public really can engage. How would the Opposition's proposal to cut 30 police from the Bedfordshire constabulary help with all that?

Jacqui Smith: My hon. Friend has a very good record of challenging both the Government and the police force to use new technology in the most effective way possible. If police forces are to drive up confidence in the way in which we now expect, they will need to find new ways to communicate and engage with the public, as she identifies. I agree that not only confidence in the police force but the confidence of the police force would be reduced if cuts to police numbers such as those proposed by the Opposition were inflicted on police forces across the country.

The new performance management regime will not only give the police greater freedom in deciding how to go about bolstering public confidence, but as my hon. Friend pointed out, it will give each force a real incentive to be more innovative in how they tackle crime and communicate with local people. It will also inspire professional discretion on the front line, of the nature of the Staffordshire pilot that my right hon. Friend the Member for Leicester, East (Keith Vaz) referred to.

Mr. Mark Field (Cities of London and Westminster) (Con): The Home Secretary referred to improving and enhancing police accountability. As a Member of Parliament for this capital city, I wonder how we can ensure that the democratic mandate of the Mayor of London's role can be enhanced in terms of police accountability. Will she give the Mayor the power to appoint and dismiss the Metropolitan Police Commissioner?

Jacqui Smith: I know that the Mayor has called for that, not least in his briefing for this debate, although I wonder whether the hon. Member for Epsom and Ewell—it would be interesting to hear from him on that today—agrees with the Mayor that responsibility for the appointment of the Metropolitan Police Commissioner, who has a national responsibility for counter-terrorism, should be taken out of the hands of the Home Secretary and put into those of the Mayor of London.

[Jacqui Smith]

Our changes mean that we need the police to be more professional and effective than ever, especially at the top and in their leadership. I am pleased that the Bill will reinforce their ability to develop talent from every background by strengthening the independence and status of the senior appointments panel for chief officers. It is clear that accountability is crucial in building the public's trust and confidence. That is why we propose to place a new duty on police authorities to have regard to the public's views in the exercise of all their functions. We are also giving a strengthened inspectorate the power to assess how well the public's views are being reflected during the new inspections of police authorities.

I want to go further, and to introduce the direct election of some members of police authorities. However, events late last year convinced me that there are still legitimate questions about how to achieve that without the risk of politicising the police. It is vital to protect the police's operational independence, as I have made abundantly clear to the House on many occasions. We remain convinced of the merits of direct election as part of a responsive and fully accountable police service, but in the light of last year's events, and having listened closely to all the views on the issue, I believe that it is right to do more work in this area before pressing ahead. In the meantime, with the proposed changes to the role of the inspectorate and the measures that we have taken since the policing Green Paper, I believe that we have a robust system in place that we can build on for the future.

Alcohol-related violent crime is down by one third since 1997, and perceptions of the extent of antisocial behaviour have fallen significantly over the past five years, but we know that antisocial behaviour and other lower level crime can have a corrosive effect on our communities, so we will take further action in the Bill to prevent crime and disorder from taking root.

Ms Sally Keeble (Northampton, North) (Lab): I welcome the overall reduction in crime to which my right hon. Friend referred. Does she agree that there is an issue with young people and alcohol-related crime, and will she be setting out proposals in the Bill that particularly target such crime?

Jacqui Smith: Yes, we will. My hon. Friend is absolutely right that despite the welcome news that fewer young people are drinking, the figures suggest that those who do are drinking more heavily, so we must remain proactive on initiatives such as the £4 million, "Know your Limits" campaign, which has already had a major impact, generating 92 per cent. awareness among the target audience.

Mr. Humfrey Malins (Woking) (Con): The Home Secretary is being generous in giving way again. Under clause 26 the

> "penalty for offence of consuming alcohol in a designated public place"

will increase from £500 to £2,500. How relevant is that, given that since the offence has been in force no one, but no one has been fined more than £250, and the majority of fines have been well under £100? Because of the guidelines imposed by the Government, the maximum fine or anything like it cannot be imposed on any occasion, so why bother? Is it just a silly headline?

Jacqui Smith: Let me say in response to the hon. Gentleman that not only are more and more people applying for designated public protection orders, but, as he will know from his legal experience, increasing the maximum fine sends an important signal through the system, notwithstanding whether the previous maximum has ever been given, as do the many other provisions in the Bill that demonstrate the seriousness with which the Government take the problem.

Mr. David Kidney (Stafford) (Lab): I am at one with my right hon. Friend in wanting to stamp out excessive and irresponsible drinking, which is fuelling too much crime in our society. However, may I ask her to be cautious in seeking a power to impose a new code of practice on pubs and to ensure that she does not put another nail in the coffin of well-run and orderly public houses, which are already so financially fragile at the present time?

Jacqui Smith: I will come on to explain precisely how we intend to do that, which I hope will reassure my hon. Friend.

With our partners in the police and local government, we have also been doing more to enforce existing laws governing the sale of alcohol.

Mr. David Burrowes (Enfield, Southgate) (Con): I would be grateful if the Home Secretary could clarify whether the offences in the Bill will lead to the extension of penalty notices for disorder, given that the Delegated Legislation Committee that was due to sit today at this time to consider other offences, relating to the possession of cannabis, making off without payment and taxi touting, had to be cancelled because the Justice Secretary had not consulted the Mayor about the implications for taxi touting and other offences. Is that not an indication that under this Government we have soft justice, justice on the cheap and justice on the quiet?

Jacqui Smith: No, it is a sign of the fact that, having received representations—not just from the Mayor, but from Rape Crisis and others—the Secretary of State for Justice acted quickly to ensure that it was possible not only to remove the provisions dealing with taxi touting, but to safeguard, as I hope hon. Members will see later this week, the provisions dealing with fixed penalty notices for cannabis possession.

Mr. Malins: Will the Home Secretary give way?

Jacqui Smith: No, I will make a bit of progress, because other hon. Members are limited in their ability to make contributions today.

Alongside the enforcement action that we are taking, the drinks industry has a key role to play in combating the misuse of alcohol. Many responsible people in the sector have been wholly supportive of our efforts to protect the public, but there have been too many cases where the industry's voluntary code has not worked. An independent review recently highlighted premises promoting "all you can drink" offers and "free drinks for women" nights. Frankly, that is an invitation to binge drinking, and it is not good enough.

As a result, we will draw up a revised code of practice governing the sale of alcohol. Some of the conditions will be mandatory for all licensed premises; others can be used at the discretion of licensing authorities to target premises in areas experiencing problems.

Mr. John Grogan (Selby) (Lab) *rose—*

Jacqui Smith: We are still consulting on the fine detail, but perhaps I can assure my hon. Friend that it is obvious that we need to ban irresponsible promotions. However, the vast majority of those who operate responsibly will not be troubled by the changes. We need to ensure that we have the right powers in place to tackle the irresponsible minority, but without creating difficulties for responsible premises, whether on-licence or off-licence.

Mr. Grogan: Would it be possible to give a commitment to publish the mandatory code for alcohol retailers before the Committee stage, so that it can be sensibly discussed? I am encouraged by some of the words that my right hon. Friend has used, but does she recognise that if the code is too onerous—the regulatory impact assessment suggested that for a well-run community pub that causes no problems to anyone the code could cost £1,100 a year—there is a danger that, as has been mentioned, the rate of pub closures could rapidly increase?

Jacqui Smith: I cannot promise my hon. Friend that we will do that before the Committee stage, but while the Bill is passing through both Houses we will ensure that the consultation that we have committed to undertake on the detail of the code is placed before hon. Members and others, so that they can consider it alongside what is effectively just an enabling power that we are putting forward in the legislation.

Keith Vaz: I have noted the Home Secretary's answer to the chairman of the all-party group on beer, my hon. Friend the Member for Selby (Mr. Grogan), but the problem is not the pubs; it is the supermarkets. Why are the Government letting the supermarkets off the hook? It is their provision of cheap alcohol that allows people to get tanked up before they go out on a Saturday evening. There is no code to control that provision, which is why we have a problem. It is the loss leaders in the supermarkets that are really causing the problem.

Jacqui Smith: No. As I think I have discussed with my right hon. Friend before, the conditions in the code will apply to irresponsibility equally, whether in the on-trade or the off-trade. The code will catch irresponsible promotions wherever they are happening. In response to my hon. Friend the Member for Northampton, North (Ms Keeble), our existing tough penalties for retailers who sell to under-age drinkers will be further strengthened in the Bill, and we are bolstering the police's powers to tackle young people caught drinking.

Mr. Malins: Will the Secretary [illegible] State give way on that very point?

Jacqui Smith: Okay.

Mr. Malins: The Home Secretary is very generous. She talks about the Government's determination and success in enforcing the existing law. She will know that, under section 147A of the Licensing Act 2003, it is already an offence to sell alcohol to children on three consecutive occasions. Will she tell me roughly how many prosecutions a year take place for this offence?

Jacqui Smith: Now I regret giving way to the hon. Gentleman, because I do not know the answer to that question. However, I am sure that the Minister for Security, Counter-Terrorism, Crime and Policing will provide it in his summing up.

The public want to see a fair system of justice. The seizure of criminal assets is one of our most powerful tools in fighting crime, and it delivers many other benefits as well. It deprives criminals of capital, reduces the incentives for criminal activity, and eases the harm caused by crime. Just as importantly, it promotes confidence in the criminal justice system and lets the public see that the criminals are not getting away with their crimes. To date, more than £500 million worth of assets have been recovered since the Proceeds of Crime Act 2002 came into force in 2003, including £136 million in 2007-08 alone. That is a good achievement, but, as I said when we launched our anti-drugs strategy last year, we want to do more. That is why the Bill includes new powers to seize goods on arrest, which will be particularly useful in ensuring that criminals cannot get rid of their assets before the courts can get to them. At the same time, it will send a powerful message to criminals that they will not be able to get away with their crimes and flaunt their illegally gained wealth.

The mark of any civilised society is how it protects the most vulnerable, so I am pleased that the Government passed a major milestone in December when we ratified the Council of Europe convention against human trafficking. This strengthened the UK's ability to catch the criminals who exploit victims of trafficking, and underlined the Government's long-term commitment to tackling this horrific crime. In too many cases, the trafficking is directly linked to the demand for prostitution in this country. It has been clear to me for some time that tackling the demand side of the equation is one of the best ways we have of fighting back against the misery of prostitution and human exploitation.

Mrs. Madeleine Moon (Bridgend) (Lab): Unions such as the GMB are working with women in the sex trade, and they are concerned that the measures could result in the further criminalisation of women, rather than of the men who are using those women. Will my right hon. Friend give me an assurance that she is talking to, and will continue to talk to, trade unions such as the GMB, to ensure that the victims—the women who are seeking protection from harassment, theft, bullying and intimidation—are protected, and that they will not be further criminalised?

Jacqui Smith: It is precisely to achieve a shift from the criminalisation of, and focus on, women involved in prostitution and the sex trade to a focus on those whose demand creates the prostitution in the first place that, last year, we undertook the review into how to tackle demand. That review concluded that effective enforcement needs to extend beyond those who organise sexual

[Jacqui Smith]

exploitation; it also has to impact on those who contribute to the demand by paying for sex in the first place. Through this Bill, I intend to introduce a new offence of paying for sex with a prostitute who is controlled for gain, and I believe that that will be a major step forward.

Dr. Evan Harris (Oxford, West and Abingdon) (LD): I welcome the fact that the Government signed and ratified the convention on trafficking, which provides support for women identified as trafficked. To what extent does the Home Secretary think that driving prostitution further underground and criminalising almost all men who use prostitutes will aid in the ability of those prostitutes to be found and rescued and of the traffickers to be prosecuted? Does not driving it underground make that more difficult?

Jacqui Smith: No, I do not believe that focusing and turning the legal spotlight on to men who choose to pay to have sex with women who have been exploited and have made no free choice will drive prostitution underground. In fact, I think that policy will protect women and put an onus on those whose demand actually creates the exploitation in the first place—*[Interruption.]* However, I also recognise that such measures have to be part of a co-ordinated approach that not only tackles the demand, but provides a way out for those who want to escape the misery of prostitution. For that reason, the Bill also introduces a new rehabilitation order for prostitutes convicted of loitering or soliciting as an alternative to a fine. In conjunction with other agencies, that will help us shift away from a system that punishes women towards a more supportive framework that helps people who end up in prostitution.

Several hon. Members *rose*—

Jacqui Smith: I give way to my hon. Friend the Member for Bolton, South-East (Dr. Iddon).

Dr. Brian Iddon (Bolton, South-East) (Lab): I thank my right hon. Friend, but why have the Government almost totally ignored the experiences of New Zealand?

Jacqui Smith: In putting together the tackling demand review, we actually spent quite a lot of time looking at international experience, as well as at the, I have to say, conflicting views of those involved in lobbying on this issue in the UK. I believe that the range of policies brought forward as a result of that review are the most effective way to protect both women and communities blighted by prostitution.

Mr. Anthony Steen (Totnes) (Con): I would like some clarification of clause 13. Is the Home Secretary actually trying to drive prostitutes off the streets and stamp out the business of running brothels? Is she against any form of prostitution? Is she going to close sauna and massage parlours? I am not saying that I disagree with her; I just want to know the aims behind clause 13. If it is about trafficking, it may not succeed; if it is about prostitution, it is another business altogether. What is the Home Secretary's aim in clause 13?

Jacqui Smith: I am opposed to exploitation, whether it stems from trafficking or elsewhere. I am opposed to the fact that there are women in this country who do not make a free choice to engage in prostitution and are being controlled, exploited and in some cases effectively enslaved. We are proposing the new measures in order to take action against that. I know that the hon. Gentleman has an important and good record on campaigning against trafficking. I think that the provisions will help us to identify and limit it, because without the demand for prostitution, often fed by trafficking, we have more chance of tackling the actual trafficking itself, to which I know the hon. Gentleman is seriously committed.

Lynne Jones (Birmingham, Selly Oak) (Lab): Does my right hon. Friend agree that what she proposes is further to criminalise sex workers unless they participate in compulsory rehabilitation on pain of imprisonment. What evidence is there that such compulsory rehabilitation actually works? Should we not concentrate on providing excellent programmes that people who want to leave prostitution can engage in? Furthermore, how does criminalising men help keep sex workers safe? Why does the Home Secretary not listen to the evidence put forward by the Safety First coalition—a wide umbrella of organisations campaigning to keep sex workers safe. It was set up after the terrible murders in Ipswich, so why does she not listen to its evidence on these issues?

Jacqui Smith: On the first point, as my hon. Friend will see if she looks at how the provisions on rehabilitation orders are drafted, it is obvious that they are put forward as an alternative to a fine or other sentence when a woman has been brought before the courts. It is an alternative to criminalising, and not further criminalising women in the way my hon. Friend suggests. On the second point, we listened to many different people who represented or purported to represent sex workers and others affected by prostitution during the tackling demand review. There is no consensus about the right way forward, but I am pretty clear that without a demand for prostitution, particularly the sort of prostitution that involves exploited or trafficked women, there would be less of it. That, I think, is what all of us across the House want to see.

At the same time as taking those provisions forward, I will also give the police greater powers to tackle the kerb crawlers who blight neighbourhoods and create the demand for street prostitution. Whether it is kerb crawlers or lap-dancing clubs, we all need to listen and respond on behalf of the law-abiding majority. We need communities to be fully engaged and feel that their views are being heard, so that they can have real confidence in the criminal justice system. In the case of lap-dancing clubs, I think we need to do more to make sure that happens. The number of lap-dancing clubs in towns and cities across the UK has doubled since 2004 and in many areas the public are fed up with having no say in where these clubs open. That is why I propose to reclassify lap-dancing clubs as sex encounter venues to give local people a far louder voice in determining whether and where those clubs can be set up.

Let me move on to another issue that affects vulnerable people in our society. We are always examining how to strengthen the robust system that we have in place for managing sex offenders. As such, this Bill includes further measures to curb the ability of child sex offenders to harm children either here in the UK or abroad. The Bill reforms the provisions on foreign travel orders, increasing their duration and automatically removing passports from individuals subject to a blanket foreign travel order. At the same time, we will tighten up the rules around sexual offences protection orders so that, for example, the police can restrict the activities of offenders from other jurisdictions as soon as they arrive back in the UK.

We live in a great country that enjoys a robust, fair and effective criminal justice system. Britain is not broken, even if, given their proposed cuts, Tory credibility on fighting crime is. We are extremely effective at tackling crime while protecting the innocent and vulnerable, but we cannot be complacent, which is why this Bill is so important. I believe that its provisions will improve the public's ability to determine how they are policed, while also improving the capacity and effectiveness of the law enforcement agencies that protect us all. It brings together the right powers to offer confidence to communities and to protect the most vulnerable, while delivering the tools we need to fight against crime and disorder. This Bill links the international fight against crime to the fight at national, regional and local level. It is a Bill to build stronger, safer and more confident communities; I commend it to the House.

5.58 pm

Chris Grayling (Epsom and Ewell) (Con): I begin by thanking the Home Secretary for her kind words; I look forward to debating with her extensively in the months ahead. For all her attempts, however, to sound enthusiastic, the Policing and Crime Bill before us smacks of a Government who are tired and exhausted. It is a rag-tag collection of measures, scrambled together by a Home Secretary and ministerial team bereft of ideas.

After a whip-round across the Cabinet table, the main sensible proposals have, in reality, been generously contributed by the Opposition. We were, of course, promised tough new measures by a Government desperate to create the illusion of action—and the result is this "Do something—do anything!" Bill. Before this Government can expect to be taken seriously on law enforcement, they must be honest about the problems they face. We will not get anywhere in tackling the scourge of knives, guns and drugs on our streets as long as Ministers persist in fiddling the figures, the most recent example being the Home Secretary's release of skewed knife crime statistics in December—slammed as "premature, irregular and selective" by the head of the Statistics Authority.

David Taylor (North-West Leicestershire) (Lab/Co-op): The hon. Gentleman has spoken of the need for the Government—and, indeed, the Opposition—to be frank, honest and accurate in their projections. Does he accept my own figures? Being a sad accountant, I was dabbling with a spreadsheet yesterday evening. When I fed in the Conservatives' planned restriction of real growth in the Home Office budget to 1 per cent., it produced a £160 million reduction in the policing budget, which is the equivalent of 3,555 police officers, with 56 in Leicestershire and five in my constituency. Is that—

Madam Deputy Speaker (Sylvia Heal): Order. As the hon. Gentleman knows, interventions must be brief.

Chris Grayling: I am not sure that I would want to employ the hon. Gentleman as my accountant. Let me point out to him that he is part of an Administration who managed to spend £150 million on management consultants in the Home Office two years ago, and whose Chancellor of the Exchequer stood at the Dispatch Box about three weeks ago and said he did not believe that there were not efficiencies to be made in government. I will take no lectures from the hon. Gentleman about the need for all of us, in these difficult times, to draw in the horns of the public sector when our constituents—people around the country—are having to do the same.

The Conservatives have pledged to make crime statistics totally independent. Ministers and special advisers will no longer receive advance warning, and the public will be given the whole truth. Why will the Home Secretary not agree today to give up control and privileged access, and end the politicisation of crime statistics that has done so much to corrode public confidence? That would make a difference. Perhaps the Home Secretary would like to tell us now that she is willing to do it. I see that she cannot be persuaded to change her mind, but does she now at least accept the formal leaked information from the head of the Home Office, Sir David Normington, to Ministers that

"levels of the most serious violence are higher than they were ten years ago"?

The stark reality is that violent crime has risen by 80 per cent. under this Government. Gun violence has soared almost fourfold and fatal stabbings are up by a third—figures that mask the untold human suffering inflicted on victims and their families up and down the country. It is against that background that the Bill must be judged, but it contains nothing that will rectify those tragic failings. Even the measures that we can welcome are irrelevant to what is required to make our streets safer and restore public confidence. As I shall make clear later, in the area of increasing police accountability and co-operation with the public, the Government have lost their way entirely.

Let me begin by responding to the main sections of the Bill. We can certainly welcome the appointment of Sir Ronnie Flanagan as chair of the senior appointments panel, but will the Home Secretary commit herself to listening to his advice? In February last year, Sir Ronnie gave a candid assessment of 10 years of failed policy, which, in his words, had left the police subject to "perverse incentives", "a slave to doctrine", and "straitjacketed by process". The Home Secretary has completely failed to deliver on her promises to reduce the stifling effects of Whitehall micro-management, and the Bill does nothing to reduce the burden of bureaucracy that leaves officers with just 14 per cent. of their time to spend on patrol.

The principle of an appointments panel is sensible, but it is strange that it gives the Association of Chief Police Officers a statutory position in advising on appointments when the status of ACPO itself remains undefined. Is it an external reference group for Home Office Ministers, or a professional association protecting senior officers' interests? Is it a national policing agency, or is it a pressure group arguing for greater police powers?

[Chris Grayling]

During the initial outcry over the handling of the arrest of my hon. Friend the Member for Ashford (Damian Green), the chairman of ACPO saw its role as pontificating on the rights of the police to override the rights of parliamentarians to do their job and to determine what constitutes national security, which I found very odd indeed. Unless ACPO's status is sorted out, we shall have some doubts over whether it should have this role on a statutory basis. I hope that Ministers will be able to provide more information about that in Committee, and that we shall have more opportunities to debate it then.

Mr. Henry Bellingham (North-West Norfolk) (Con): I congratulate my hon. Friend on his excellent promotion. Does he agree that there is every danger that the panel will become very expensive and extremely bureaucratic?

Chris Grayling: I share my hon. Friend's concerns. It will be for Ministers to demonstrate in Committee that that will not be the case. The panel needs to be lean, mean and effective, rather than representing yet more substantial bureaucracy in the public sector.

We welcome the Government's acceptance of our call for local authorities to be given greater licensing powers over lap-dancing clubs, although, as I shall explain later, on its own it will do little to protect the most vulnerable victims of trafficking for sexual exploitation.

Dr. Roberta Blackman-Woods (City of Durham) (Lab): I hope the hon. Gentleman will acknowledge that it was a 10-minute Bill introduced by a Labour Member that proposed that change in the legislation in the first instance. I do not recall Conservative Front Benchers supporting me at the time.

Chris Grayling: I am sorry that the hon. Lady has not been listening to the comments of my right hon. and hon. Friends on the Conservative Front Bench, but I am glad that there is agreement in all parts of the House on the need for change in an area that affects a number of other areas of government. It affects my former brief, for instance: jobs in such clubs were being advertised through local jobcentres. We need to do all we can to ensure that exploitation does not take place, and to give local communities the right to say when or where something should or should not happen.

We welcome stronger powers to crack down on binge drinking. A million people were victims of alcohol-related violence last year, with accident and emergency admissions related to alcohol up by a quarter since 2004. No one can deny the evidence from the police, local authorities and hospitals that the Government's reckless policy of allowing 24-hour drinking has inflicted misery on innocent law-abiding citizens across Britain, not least the professionals who work in front-line services.

Keith Vaz: I warmly congratulate the hon. Gentleman on his appointment as the new shadow Home Secretary. I know that he was appointed only a few hours ago, but has he had an opportunity to read the Select Committee's report "Policing in the 21st Century"? I am sure his hon. Friends have read it. The Committee's members unanimously suggested that we consider the idea of a floor price for alcohol sold by supermarkets. The hon. Gentleman is right: given that alcohol-related crime accounts for almost 50 per cent. of crime as a whole, surely we should consider a more radical approach to try to control the easy availability of alcohol from supermarkets.

Chris Grayling: I share the right hon. Gentleman's concern, and I look forward to reading his report. He will not be surprised to learn that I have not yet had time to do so. My colleagues, including the shadow Chancellor, have argued for legislative measures to stop sales of under-priced alcohol. I have seen one or two examples which I found positively horrifying. In Liverpool, for example, I encountered a firm that would actually deliver alcohol to a park. There are real issues related to the sale of alcohol, particularly to people who are under age, and they need to be addressed.

What is open to doubt is whether any of the new powers that are being proposed will ever be enforced. As my hon. Friend the Member for Woking (Mr. Malins) pointed out, the Bill proposes an increase in the fine for refusing to stop drinking in a public place from £500 to £2,500, but between 2004 and 2006 not a single person received a fine of more than £250, and 98 per cent. of people were fined less than £100. The suspicion is that this is yet another case of all talk, no action from these Ministers, this Home Secretary and this Government.

The Bill introduces a smattering of conditions that local authorities can apply when granting new licences to sell alcohol—itself an admission of the failure of the Government's extended licensing regime—although they are nothing like the power that the Home Secretary will give councils over lap-dancing clubs. Why will the Home Secretary not finally call time on the Government's disastrous policy of allowing 24-hour drinking, and give councils proper powers and discretion over late-night sales of alcohol?

Ms Keeble: I welcome what the hon. Gentleman has said about the need to support measures to tackle binge drinking. Will he commit his Front-Bench colleagues to supporting tough measures for the mandatory code—for example, to ensure that supermarkets stop pepper-potting drink throughout their branches and clamp down on in-store advertising and promotion of alcohol, as well as dealing with issues related to labelling and pricing?

Chris Grayling: I am delighted that the hon. Lady is keen to find out what our policies are for the future, because we hope to form a Government in the next 18 months. As I have said, we regard the issue as worthy of concern. My hon. Friend the Member for Tatton (Mr. Osborne), the shadow Chancellor, has set out measures to toughen the rules for supermarkets, and I will be considering other options with him. The Conservatives are committed to tackling the scourge of excessive consumption of alcohol which affects so many of our city centres, so many of our communities and, as the hon. Lady will know, so many inner-city areas. The blight of alcohol addiction in many of our most deprived communities is a real barrier to helping young people, in particular, make more of their lives, and we must address that.

Tim Loughton (East Worthing and Shoreham) (Con): I, too, congratulate my hon. Friend on his recent appointment. Does he acknowledge that the problem here is not necessarily the amounts of alcohol being drunk, worrying though those are, but the way in which those amounts are being drunk, in that there is a mentality among people in this country, and in particular among too many young people, that to enjoy themselves they have to binge-drink and get absolutely plastered in the process, in contrast to some continental countries where the population actually drink more per head, but people drink more responsibly? Does my hon. Friend also agree that no amount of legislation—of excessive legislation—will necessarily affect that British mentality, and that what we need is a change in people's thinking and in how young people, in particular, are educated to live and grow up with alcohol, rather than to abuse it?

Chris Grayling: My hon. Friend makes an extremely good point, and it is a sign of the failure of this Government's policies that so little progress has been made over so many years despite so much legislation being brought on to the statute book. It is a sign that the Government must focus not simply on passing Bills through this House, but on getting the job done out there, and must recognise that often when they micromanage—or interfere or misjudge their powers—matters are made even worse.

In addition, clause 30 seeks to give the police enhanced powers to give young people a direction to leave an area where there is a risk of an alcohol-related disturbance. It will now extend to children over 10, rather than those over 16. This raises serious issues to do with children being placed at risk by being made to leave an area with which they are familiar when one would have expected the police to take a younger child home or into protective custody if there was a serious enough problem to move them out of the area in the first place. We will wish to look at this in detail. Do we really want the police to be moving on 10-year-olds, rather than addressing the problem and getting them home to their families? We will want to hear more about the Government's thinking on this in debate in Committee, and we will need a bit of persuading that the approach in this part of the Bill is the right one.

Then we have the now annual exhortation by the Home Secretary to seize the assets of the Mr. Bigs of the criminal underworld. The intention is laudable, but it does not always work, as the Home Secretary knows. In its short life, the Assets Recovery Agency recovered a mere one third of its running costs in criminal assets, and the record of the Serious Organised Crime Agency has been little better; it has missed most of its targets. Yet again, this Government are proposing to introduce yet more law, which can never compensate for basic failures of law enforcement. Furthermore, it is noteworthy that some of this law has a draconian quality that must be questionable. The distinction between restraint of assets on arrest and seizure for confiscation after conviction is being blurred, and the level of judicial oversight reduced. It is unclear why this is being done, and it raises serious issues of fairness and interference with property rights without due process of law.

Mr. Steen: I congratulate my hon. Friend on taking up his new post; we are delighted to see him in it.

On the traffickers recovery programme, I do not know whether he knows that at present when traffickers are found, money can be confiscated from them, but it goes to the Treasury and is lost in that black hole. Does my hon. Friend agree that it would be a far better idea, and that this should have been in the Bill, that when traffickers' ill-gotten gains are taken away from them, that money should go to the victims? At present, the National Criminal Justice Board gives money, but it is Treasury money, so victims are not getting it from the traffickers.

Chris Grayling: I am grateful to my hon. Friend for his congratulations. I understand exactly where he is coming from, but the trouble is that under this Government the Treasury has so little cash that I suspect that persuading it to deal with this matter very differently may be a struggle.

Nowhere in the Government's proposals is the evidence of failure more striking than in their approach to tackling human trafficking. That is a mere fig leaf for action. No one in this House should be under any illusion as to the scale of the barbaric trade pouring into Britain. Police upper estimates of the number of vulnerable women and girls trafficked into Britain for sexual exploitation have soared in recent years, from 4,000 to 18,000. The scale of the growth in this problem dwarfs the Government's efforts to contain it, yet instead of freeing up more police to tackle human trafficking, they are downsizing the specialist unit at the Met, and instead of their driving prosecutions of those profiting from this modern form of slavery, convictions have slumped by two thirds since 2006. That is the reality behind the Government's rhetoric.

The Home Secretary's answer is a swathe of new criminal offences aimed at reducing the demand for prostitution. Should we take it from this change of focus, and from the failure to enforce existing laws against those who exploit vulnerable women, that the Home Secretary has now just given up trying to prosecute the criminal gangs involved? Does the Home Secretary agree with the Leader of the House that there is no evidence of any increase in people paying for sex?

We will scrutinise the new strict liability offences closely and carefully to ensure that they do not create scope for abuse or injustice. The much greater risk, however, is that they will lie dormant on the statute book, along with so much of this Government's legislation produced over the last 11 years, because, as Commander Allan Gibson of the Metropolitan police's human trafficking unit has made very clear, these proposals will be "very difficult to enforce".

Mr. Malins: I, too, congratulate my hon. Friend on taking up his new post. On clause 13, does he not agree that it is very silly indeed to have a measure whereby a man commits an offence if he uses the services of a prostitute whose activities are controlled in any way, notwithstanding the fact that first, the man did not know, secondly, he had no reason to know and thirdly, upon inquiry he was told that there was no such control? What is the man expected to do? There is no defence; is that not bad law?

Chris Grayling: I am grateful for my hon. Friend's comments as well. One question is: why would we have any confidence that the women concerned would own up to being in some way controlled? That would make it much more difficult to enforce this law.

Lynne Jones: Does that not also mean that men who discover that a woman is trafficked or controlled will be less likely to report it, if this is criminalised?

Chris Grayling: The hon. Lady makes a very good point.

There are many things missing from this Bill that we would have welcomed, and, indeed, that we have called for for some time: measures to cut red tape, slash targets and consolidate excess audit; measures to address the sweltering burden of bureaucracy that police officers strain under day in, day out; proposals to revise the Regulation of Investigatory Powers Act 2000 so that police do not spend hours filling out forms so that they can stake out the house of a known burglar; a strengthening of the powers of stop and search to deal with spikes in gun, knife or drug crime in hot spots; returning charging discretion to the police for summary offences to free up 1 million police hours; reversing the health and safety rules so that the risk to the public is made the top priority; and changing the rules so that police and prosecutors support members of the public who intervene in good faith to uphold the law. However, the most salient omission consists of the proposals for directly elected crime and policing representatives set out in the Green Paper published last July. It is something of a climbdown to go from a Green Paper to a first clause that cannot be more than 10 lines long; that is a dramatic climbdown by this Government.

The Home Secretary had promised this proposed legislation

> "to strengthen the democratic link with the public".

She even went so far as to hail "a new deal" of

> "greater freedom for the police, matched by greater power for the public."—[*Official Report*, 17 July 2008; Vol. 479, c. 435.]

That was a nice slogan that got good press, but then it was dropped. Nothing better sums up this Government's obsession with spin over substance—with headlines over delivery—than their failure to keep their promises to cut police paperwork and give back control over policing to local communities.

Mr. David Blunkett (Sheffield, Brightside) (Lab): I congratulate the hon. Gentleman on his appointment as shadow Home Secretary. If he were Home Secretary, would he press ahead, in the face of opposition from the Association of Police Authorities, the Local Government Association and his own party, even if he felt that consulting further and listening to people further would be a more sensible and rational way of approaching the issue of sensitive and proper accountability for the police?

Chris Grayling: I am grateful to the right hon. Gentleman for his kind comments. He will know from his own constituency experience how frustrated many of the people we represent are, and that they feel that they do not have a say in the policing of their communities. We think it is time to change that, and to go ahead with strengthening the accountability of the police to their local communities. We thought that the Government agreed with us—we thought that there was a cross-party consensus on this—but that has now disappeared, which is a matter for regret.

The battle lines are now drawn and the electorate have a clear choice. There will be no new deal for either the police or the public under this Government, who cannot beat their addiction to micro-managing the police, and will not introduce real local accountability. This Government do not trust the police or the public. The alternative is a Conservative Government who will release our police forces from the suffocating grip of Whitehall, get officers back on the streets in large numbers and give local people the say they want over policing in our communities.

Several hon. Members *rose—*

Mr. Deputy Speaker (Sir Alan Haselhurst): Order. I must remind the House that a 10-minute limit applies to speeches by Back Benchers, and operates from now.

6.20 pm

Keith Vaz (Leicester, East) (Lab): I congratulate the hon. Member for Epsom and Ewell (Chris Grayling) on his maiden speech as shadow Home Secretary and on his promotion to one of the most important jobs in opposition. He has not previously been involved in home affairs issues, but I have learned two things about him since his appointment: first, that he was born on 1 April 1962; and secondly, that in 1987 he co-authored a book entitled "Just Another Star?" We will know at the end of 18 months whether it was an autobiography, as we will be able to judge his performances over the next few months.

I welcome this Bill, which is important because it puts into action many of the pledges that the Home Secretary and other Ministers have spoken about over the past few months. It rightly builds on the success of the Flanagan report, and it contains elements of the reforms that I know the Home Secretary has been keen to put into effect. I shall support the Bill on Second Reading, but I wish to raise a number of concerns that I hope the Home Secretary and other Ministers will take on board. I hope that we will be able to strengthen the Bill when it comes out of Committee and back to the House on Third Reading.

My first concern relates to the clauses on alcohol. Both the shadow Home Secretary and the Home Secretary spoke passionately about their desire to ensure that the Government did more to control the amount of alcohol that is finding its way into our city centres and is directly related to crimes being committed in them; 45 per cent of crimes of violence in this country are alcohol-related. Alcohol is 69 per cent. more affordable than it was 15 years ago and it cost the criminal justice system £1.5 billion last year, so it is important that we get to grips with this country's readily available supply of alcohol. We do not want to stop people drinking. I have to declare my interest: I do not drink alcohol. However, I know that other Members of this House occasionally do. I make no attempt to stop people drinking, and neither do members of the Select Committee on Home Affairs, who produced a unanimous report on this issue. We are talking about drinking in moderation and for social reasons, rather than drinking that results in what we sadly see in many of our towns and city centres: complete disorder, which occupies so much of the time of our excellent police force.

The Home Secretary has started to grapple with the problem. We do not pretend for one moment that she is going to solve it overnight, but she is right to have introduced a tougher code in this legislation. I pressed her, as I have done in the past and shall continue to do, on the issue of the floor price of alcohol in supermarkets. The evidence given to the Committee's inquiry into policing clearly showed that the readily available alcohol in supermarkets is resulting in young people, in particular, having access to alcohol. This alcohol is so cheap; the latest figures—this is not an advert for ASDA—show that ASDA's Smartprice beer is being offered at 52p a litre, whereas one can buy Evian water there for 93.3p a litre. It is wrong that alcohol should be cheaper than water.

Margaret Moran: I endorse my right hon. Friend's sentiments. Is he aware that alcohol is 69 per cent. cheaper than it was in 1980? Does he agree that we need to do what we have done in Luton—engage with young people in our schools and academies, drawing up a toolkit so that young people can help to be part of the solution, and not just the problem?

Keith Vaz: My hon. Friend, who is a distinguished member of the Select Committee, is absolutely right. This is also about engagement; it is not just about compulsion. I hope that such engagement will be part of the process that the Government introduce in this Bill.

The second issue that I wish to discuss is the accountability of our police forces. Our Government, right at the last moment, withdrew their proposals for elected members of police committees, and I understood perfectly well why they did so. There was a risk of extremist minority groups taking over police committees on the basis of single-issue activities, and that would have destabilised the way in which the committees operate. The Government were right not to proceed with those proposals, but it is important that members of the public are made more aware of what police committees do. I can name a number of members of my local police committees, but sadly the only ones who I can recall are those who are elected representatives themselves—councillors nominated from the various political groups. It is important that members of local police committees go out to the local communities, hold meetings and engage with the public, so that people understand exactly what they do. I say that because although those bodies control budgets of several million pounds, people still do not know precisely what they do.

Ms Keeble: Will my right hon. Friend join me in paying tribute to the many police officers and police community support officers who are directly accountable to their local communities through the operation of safer community teams and through direct day-to-day contact, whereby they take up people's local concerns and respond to the priorities of their communities?

Keith Vaz: I am happy to join my hon. Friend in praising the work not only of the police in Northampton—I am sure that she was keen to mention Northampton—but of the police in other parts of the country where local police officers are able to engage with communities. People sometimes do not know the names of chief inspectors and superintendents, but they certainly know the bobby on the beat and they have enormous respect for what that individual police officer does, even though they may be unaware of the strategies or the vision behind what is happening locally on policing.

Finally, I wish to tackle the other point that causes me concern. I hope that the Home Secretary will re-examine her proposals in clause 13, in part 2 of the Bill, on sex offences. I understand why the Government have decided to take this course of action on sex offences. The Select Committee has just concluded its inquiry into the very serious problem of human trafficking. In this House today there is a world authority on the issues associated with human trafficking; we are very lucky to have the expertise of the hon. Member for Totnes (Mr. Steen), who has campaigned on these issues for many years. I am not convinced that the best course of action is to prosecute in the proposed way men who go into situations where they wish to buy sex from prostitutes; such men are going to be expected to ask whether the woman concerned has been trafficked, and even if they get an incorrect answer, as is highly likely, given the situation that these poor women are in, they will then be prosecuted.

The police's own evidence to the Select Committee—*[Interruption.]* The Home Secretary is shaking her head, but the fact is that the police have said that they were not properly consulted on this issue. I know that she is keen, at all times, to consult them on issues that affect them, but they were not consulted on this issue and they feel that this proposal is not enforceable. The sentiment is right. The Home Secretary feels that she needs to do something and she is right to try to tackle the menace of human trafficking, but it is not possible to do so in the way she proposes, because too many technical difficulties are involved.

David T.C. Davies *rose*—

Fiona Mactaggart (Slough) (Lab) *rose*—

Keith Vaz: I shall give way to the hon. Gentleman for a few seconds, because he is on the Select Committee.

David T.C. Davies: Does the right hon. Gentleman agree that if we are to pursue a policy of killing the demand, as it were, we need to look not only at sex workers but at those who control child beggars, drug abusers and drug pushers, all of whom use trafficking as a means to increase their disgusting businesses?

Keith Vaz: The hon. Gentleman is absolutely right. It is very difficult. Ministers have used the phrase, "Let us tackle the demand for sex." We cannot just say to people, "Do not have sex" or "Do not have sex in these circumstances." Governments should not be involved, in my view, in making such statements. The Government should be saying unequivocally that human trafficking is wrong and that the exploitation of women in particular is wrong. As the Home Secretary correctly said, we should be seeking a package of measures. However, I fear that she will get mired in this difficulty because of the technical problems that lawyers will create in such circumstances. I am not saying that she has not had the best legal advice around, because I am sure that as Home Secretary she will have access to the top lawyers in the country, but there will be difficulties with her proposal and I hope that she will reconsider it.

Mr. Steen: May I thank the Chairman of the Select Committee on Home Affairs for his generous comments? I want to let him know that on a police raid in which I have been involved—*[Interruption.]* He is not losing

[Mr. Steen]

any minutes—[HON. MEMBERS: "He is."] No, he is not, because the button is pressed. In the police raid in which I was involved, the problem was that the punters were foreign and the girls were foreign and neither of them could communicate by way of language. The idea of a trafficking offence that has no defence is just not a runner.

Keith Vaz: I thank the hon. Gentleman for that point. I do lose minutes, by the way, as that was the third intervention, and so I am sorry but I cannot let my hon. Friend the Member for Slough (Fiona Mactaggart) intervene. I accept what the hon. Gentleman has said; he has been on more of those raids and has visited more brothels than I have, for legitimate parliamentary reasons, I should say.

There is much in Flanagan and in the Green Paper, and the Select Committee produced a very large report on policing in the 21st century, so I hope that this will not be the last such debate. I take the point that there has been too much legislation, but much more work needs to be done on reforming the police, cutting red tape and all the other issues that the Home Secretary spoke about. I will forgive her if she comes back later in the year with another Bill on this issue if she deals with all the other points that have been made about what our Select Committee talked about.

6.32 pm

Chris Huhne (Eastleigh) (LD): I am always delighted to follow the right hon. Member for Leicester, East (Keith Vaz). He gave some wise words of advice to the Home Secretary, which I hope that she will heed. I shall turn to that aspect of the Bill later in my speech. I also want to congratulate the hon. Member for Epsom and Ewell (Chris Grayling) on his inaugural outing and on his appointment to an important role in the House, joining the somewhat select gathering of those who tend to come to the House for Home Office business.

The Bill is a hotch-potch, as is commonly recognised, but it hides a clear hole. It is a hotch-potch because it contains legal ingredients on matters that are barely related, which have been thrown together with no thought as to freshness, let alone a recipe. We have measures on police reform, force collaboration, prostitution, aviation security, alcohol-fuelled disorder, asset seizures and extradition. This is the 66th criminal justice Bill since 1997, and it should be becoming abundantly clear that quantity does not make up for a lack of quality. I want first in my remarks to deal with the central void in the Bill, namely police reform. I shall then deal with some of the bitty aspects and I shall finally turn to the reforms of the prostitution laws, which would not only be controversial, but in my view—I agree with the right hon. Member for Leicester, East—a serious mistake.

The largest disappointment of all is the fact that the Bill hides a hole because the fundamental direction of travel on which the Government had embarked in their Green Paper, which the Liberal Democrats welcomed, has been ditched. Localism has gone; it has disappeared; it has vanished like a Cheshire cat. Yet there is no alternative set of proposals and no alternative vision of the world.

I assume that the Government still intend to abandon the extensive national targets, as the Home Secretary appeared to imply earlier, that they built up following the introduction of the Police Reform Act 2002, but if so, who is to exercise the powers that the Home Secretary has exercised until now? If it is the existing police authorities who will do so, then we are merely back to the position as it was before 2002. The duty that the Bill will introduce is negligible in its difference from the duty in the Police Act 1996. In short, we are now back to the police governance arrangements as they were when the Home Office decided that they did not work.

Let me remind the House that those arrangements did not work in terms of efficiency because there had been a long-term decline in detection rates for recorded crime, even though detection is the most crucial part of an effective deterrent against crime. That is important. One could introduce sharia law in this country and it would have no effect on crime whatsoever if the chances of getting caught remained extremely low. On a broad definition of crime, including business crime, only one in 100 crimes ends with a conviction in court—99 do not.

National targets are a blunt instrument with many unexpected and counter-productive effects, but they have introduced a new focus on efficiency, effectiveness and outcomes. What will now take their place? The answer in the Green Paper was right: local accountability. Local accountability involves two crucial elements that are now lacking. The first would be a proper local debate about priorities, which would allow local police forces to use their police authority as a genuine sounding board on popular opinion. It would also allow the abandonment of targets that were inevitably nonsense in some parts of the country, such as targets for cuts in the types of crime that were already negligible in some force areas. The second crucial element would be a local drive to greater efficiency. The fact that police authorities should be accountable to voters would drive police forces to compare their own working methods with best practice and to improve. That matters because the variations in police performance are just as significant as the common factors. If the average detection rate were improved so that it came closer to that of the top 10 per cent. of forces in this country, nearly 400,000 more crimes would be detected each year. That would be a real deterrent, as we know from the Home Office's research against crime.

Even for serious offences such as violence, detection rates vary widely, from 36 per cent. at their lowest in London to 67 per cent. at their highest, yet those offences should surely be a high priority everywhere.

Mr. Roger Williams (Brecon and Radnorshire) (LD): My hon. Friend makes an important point about detection being a huge deterrent against crime. The Green Paper includes a hint that the funding formula should be met in full, which would mean the end of the funding floor and the rural policing grant. That would be a huge impediment for detection in areas that depend on those funds. The Dyfed-Powys police say that it would cut their budget by about £8.6 million.

Chris Huhne: My hon. Friend makes an important point about his local police force, which is, by the way, an extremely good police force in terms of its detection rates. It is very effective. In view of the model of local accountability that we Liberal Democrats are talking about, it is extremely important that there should be an established, understood formula for funding that takes into account need across the country and that is not subject to the sort of vagaries that we have sadly seen as both the Treasury and the Home Office have chopped and changed on such issues as police community support officers and the 101 number.

The Government's former answer to the problem was the same as ours: more local democracy holding police forces to account. I welcome the Home Secretary's implication earlier that she has not entirely given up on that vision, but I hope that it is not just a smokescreen for retreat, as was the case with the provisions in the Counter-Terrorism Bill, when although she said that she was not changing her mind, the reality was that the policy had changed fundamentally. I do not know what the Government's answer in this Bill actually is. It cannot be Her Majesty's inspectorate of constabulary, because however admirable its work is, it has not managed to reduce the disparities, despite many long years of trying; nor, for the same reasons, can it be the National Police Improvement Agency. We are left with a Polo policing reform—a policy with a hole in the middle. We are left with a vacuum, a void and intellectual vacuity.

Rob Marris: I note the argument the hon. Gentleman is making and I wonder whether he could elucidate how far his party would take the localism policy. For example, do he and his party want the 43 police forces in England and Wales to be funded wholly by a local income tax? I think that that used to be his party's policy. What proportion of funds should be raised locally? Can he say a little more about the funding of the police in his conception?

Chris Huhne: As the hon. Gentleman may know, local funding for the police has been steadily increasing as the amount of central Government grant is cut. There has to be an adequate amount of central Government grant to ensure that different needs are met across the country. That is a key matter and he is right to draw attention to it. *[Interruption.]* The answer to the question clearly is to make sure that there is a settled system, that each police authority is happy with the outcome and that there are no changes from year to year. Local funding would then pick up the remainder. The hon. Gentleman is right to say that our policy is to move towards local income tax, which would be preferable to the precept on council tax.

We can but speculate on the reasons for the Government's dramatic U-turn. Perhaps the Home Secretary realised that her plans for elected police authorities were fatally flawed. Such bodies would have been deeply unrepresentative and would have encouraged confrontational politics, because for the first time since 1997, the Government planned a new body elected under the first-past-the-post system. The Scottish Parliament, the Welsh Assembly, the Greater London assembly, the London Mayor and the European Parliament all use proportional or preference systems. In a force area, each borough that was a crime and disorder reduction partnership would elect one person as if it was a Westminster constituency.

The result is clear, as we know from an analysis of the Green Paper proposals made by the Electoral Reform Society. Based on the 2007 local election results, it showed that the Conservatives would win two thirds of the seats on police authorities outside London with just 38 per cent. of the popular vote. The proposals would also have wiped out Labour representation in the south of England.

The answer is not to ditch direct elections entirely, because the fundamental intellectual argument is correct, but for police authorities to be elected by a system of fair votes that ensures a proper ethnic and gender balance through the natural operation of a party's self-interest. In force areas with substantial ethnic minorities, such as London, Greater Manchester, Liverpool, West Yorkshire and the West Midlands, either the Green Paper system or, even worse, the Tory system of single elected commissioners for each force area would provide substantial parts of the population with little or no representation. We know that first past the post is biased against women and ethnic minorities, because the parties want to put up white, middle-class men in suits who are held to alienate the fewest voters—just look at us in the Chamber. The result of the proposals would be an alienation of many from the police that could ultimately prove dangerous—insensitive use of stop and search by the police was largely responsible for the Brixton riots.

What of police reform has been left? Not much, I fear. The general requirement to take account of local views is a sop and it certainly cannot be enforced, as suggested, by the inspectorate. There are sensible provisions for collaboration between police forces and authorities, but we are not happy that the Home Secretary has the power to give directions from the centre in that matter. Nor are we happy that there is no duty to collaborate where it would be beneficial to the local communities involved. That would be a much more sensible way of proceeding than attempting to ensure that the Home Office was on every case.

There is further centralisation and potential bureaucratisation in the proposals for a police senior appointments panel. The Home Secretary has the power to appoint both the chair and members, and to instruct the panel to carry out additional functions. The Association of Chief Police Officers has raised serious concerns, saying that it is

> "concerned at the unrelenting drift of policy and legislation towards weakening their status as office holders."

Of course, police reform needs to encompass more than getting governance right. We need extra police on the streets, paid for by scrapping the identity card scheme. We would restore faith in the crime figures by taking them away from the Home Office and putting them under the direct supervision of the Office for National Statistics. We would publish not just crime figures but detection figures at local level.

Mr. Blunkett: May I follow the hon. Gentleman's logic on the abolition of the ID card scheme to spend money on the police? Can he explain briefly how reducing the amount raised from the passport charge—to take account of the fact that there would no longer be a clean database and the additional charge associated with the passport would thus no longer be needed—would allow the service to raise the same money for spending on the police from a different source?

Chris Huhne: I am grateful to the former Home Secretary for his intervention. We have set out clearly the savings that would result from scrapping the ID

[Chris Huhne]

card scheme, and at the last election they were audited by the Institute for Fiscal Studies, among others. I merely point out that when I was involved in another role—as shadow Chief Secretary to the Treasury—I asked every Department how many of its top five IT schemes had overrun and failed to deliver on time. I can assure the right hon. Gentleman that across government, with the exception of three schemes, none was delivered on time or on budget, so as our calculations for the ID card scheme were based on the Government's published figures, I fear there will be a considerable undershoot in what is, after all, a serious and substantial IT scheme, which makes the others look like small beer.

Mr. Blunkett: Can we clarify the difference between income and expenditure? I am talking about income raised for spending; if the income is reduced, there can be no expenditure.

Chris Huhne: The right hon. Gentleman is right; if we apply substantial charges to people they will resent it, which is presumably one of the reasons why his right hon. Friend the Home Secretary is back-pedalling like crazy on the ID scheme, and the only people to whom it is being rolled out ahead of the election are those such as foreign nationals who will not have a vote. I am grateful to the right hon. Gentleman for pointing out that the cost will be borne not only by the public sector.

Mr. Blunkett *rose—*

Chris Huhne: I am not giving way a third time. I need to make some progress.

We would urgently review the police contract—of recent Home Secretaries, the right hon. Gentleman may have come closest to doing that. Lifetime employment for 30 years, a single point of entry—especially when trying to deal with white collar crime such as fraud—and pay linked to seniority rather than performance may not really be appropriate if we want to make sure that the organisation is fit and effective in dealing with the extremely important tasks it faces, especially in present circumstances, when all the evidence suggests an increase in acquisitive crime at a time when there are substantial constraints on budgets, as none of us needs reminding. It is therefore particularly important to look at efficiency. Unlike the Conservatives and Labour, we would respect pay awards from the independent police arbitration tribunal and allow officers to progress within, not just between, the ranks.

Let me now turn away from police reform to some of the other provisions. There is no clearer example of why more legislation is no substitute for enforcing properly the existing law than alcohol-fuelled disorder. That is a real matter of much concern to many people, as I know from my constituents in Eastleigh. The Bill has more proposals for powers—for example, to remove young people to their homes or other places of safety, even if they have not committed an offence—yet there is abundant evidence that we are not using the powers already on the statute book. For example, in a parliamentary answer last month, the Home Secretary confirmed that no police service or local authority has yet issued a notice of proposal to designate an alcohol disorder zone; nor are we fully using the powers to cut alcohol sales to young people. I listened to what right hon. and hon. Members have said about supermarket promotions and pricing, but, frankly, we have a lot of tools to deal with that very directly. I am afraid that the truth is that there is little evidence that behaviour is very sensitive to pricing, unless we are talking about a very substantial change in price.

Keith Vaz: Of course, one must be cautious in this area, but the fact is that the availability of cheap alcohol at supermarkets and the promotions that the Home Secretary and other hon. Members have spoken of today lead to people, especially young people, buying cheap alcohol from supermarkets. That does not apply to pubs, for example, where alcohol is more expensive. Surely, it is important that we take a stand and ensure that that availability of cheap alcohol is brought to an end.

Chris Huhne: I do not disagree with the right hon. Gentleman that we need to take a stand on the issue or that progress needs to be made on pricing, but there is an excessive stress on pricing. From simply looking at the evidence on the sensitivity of demand to price and taking into account my background—I plead guilty—as an economist, I caution against over-emphasising that aspect of dealing with the problem.

Ms Keeble: Will the hon. Gentleman concede that Alcohol Concern—quoting research, I think, by Sheffield university—found that a minimum unit price of 40p would reduce hospital admissions by 41,000 a year and crime by 16,000 incidents a year? The Liberal Democrats have supported Alcohol Concern and should know about its figures.

Chris Huhne: I am grateful to the hon. Lady for that intervention. As I said, I do not deny that that is part of the solution, but I merely point out that we must not stress that it is overwhelmingly the answer. I would stress, for example, that we need to do much more in using the existing powers. A recent survey found that 40 per cent. of retail outlets were selling to under-age drinkers and that only 854 prosecutions were brought last year. Frankly, that is a drop in the ocean, by comparison with the many thousands of retail outlets across the country. At some stage, it will surely be revealed to the Home Office and its Ministers that enforcement matters more than new clauses from the parliamentary draftsman—a point with which I hope the hon. Member for Wolverhampton, South-West (Rob Marris) agrees, because he made it at the beginning of the debate. Paper powers matter less than police action.

Rob Marris: The hon. Gentleman comes up against the very problem that he delineated before: the balance between localism and centralism. On the one hand, as he said in the early part of his speech, he wants more localism, more local control and so on; on the other hand, five minutes later, he decries the fact that no alcohol disorder zones have been put in place—something that is decided by local people. He decries the lack of use of such powers, understandably, but that is what local forces have decided to do, or not to do. There is a contradiction in his position between localism and centralism, which we all have; it is very difficult.

Chris Huhne: The hon. Gentleman has long experience of accusing me of contradiction in many different contexts, but I cannot conceivably concede the point to him, for the very simple reason that such powers are on the statute book and local authorities are not using them. Introducing similar powers is, frankly, as the Home Secretary conceded in an interesting little aside, intended to send a message. If she wants to send a message, she could either write it on a piece of paper and send it in the post—there is still the Royal Mail, just about, while the Government allow—or send out a press release. Frankly, detaining the House with legislation that merely piles on powers similar to those that already exist and are not being used comes very close to an offence of wasting Parliament's time.

Part 4 will amend the Proceeds of Crime Act 2002. The new powers will allow the police and others to search for and seize property before someone has been charged. No judicial oversight will be applied to that new power. It is enough for the person to have been arrested but not charged and for criminal proceedings to be ongoing. Frankly, I should like that to be tested in Committee; on the face of it, it does not seem to be right.

Part 5 seeks to amend the Extradition Act 2003, yet it leaves untouched the most controversial aspect of our extradition arrangements: the imbalance between the United Kingdom and the United States, whereby a mere statement is adequate for the American authorities, while prima facie evidence is required for ours.

Mr. Burrowes: Does the hon. Gentleman agree that, although the proposals in part 5 seek to improve the situation in some ways, they will not provide a remedy for my constituent, Gary Mackinnon, who will go to court tomorrow to seek to challenge the Government's decision? He is a victim of that imbalance and faces extradition, even after a recent diagnosis of Asperger's syndrome.

Chris Huhne: I agree, and I am sympathetic to the case of the hon. Gentleman's constituent. The Gary Mackinnon case is emblematic of precisely what I have been talking about. There is also a missed opportunity to amend the application of the European Union arrest warrant, to make it clear that we in this country will not entertain offences that involve freedom of speech, such as the recent case of Dr. Toben.

In part 7, the provisions on criminal record checks are unexceptionable, although we have some continuing concerns about unequal employer access to enhanced disclosure, despite the existence of the Independent Safeguarding Authority. There are other minor provisions that relate to border security, although they might have found a better home in the Borders, Citizenship and Immigration Bill.

I move on finally to the most objectionable part of the proposals: part 2, which deals with sexual offences and sex establishments. I entirely agree with the term used by the right hon. Member for Leicester, East on the issue. We are considering a problem that deserves far more attention from us and the Government than it is getting at the moment. I am pleased that the Government have proceeded with real commitment from Ministers to the signing of the trafficking convention, but I do not think that the Home Secretary's proposals in the Bill will work, and I fear that they will be counter-productive. The most controversial clauses are precisely on the prostitution laws. We entirely agree with the objective, but the proposed reforms will not achieve the desired outcome. They will drive sex workers underground, into less safety, more isolation and a greater risk of disease. We will seek amendments.

Fiona Mactaggart: Will the hon. Gentleman explain why a provision that criminalises paying for sex with a woman who is not willing but is under the control of another human being—she is effectively enslaved—will in some way push willing prostitutes underground?

Chris Huhne: Yes, I will come to that precisely in the next section of my speech, and the hon. Lady should intervene if she does not get an answer.

The Bill does not go as far as to outlaw paying for prostitution, as is the case in Sweden. That might have been a more intellectually coherent and honest approach. The Government are not brave enough to do that. Instead, the Home Secretary has apparently adopted the Finnish-style middle way of criminalising the client of a prostitute controlled for gain by others, whether those others be traffickers, pimps or perhaps even brothel owners. That is controversial because it is a strict liability offence, so it will not be a defence to argue that the client did their best to discover the true circumstances of the prostitute.

The legal consequences of that are important. First of all, no client in Finland has been convicted of sex with an exploited or trafficked woman since June 2006. That is certainly not because the trade has gone away; it is because none of the women say that they are trafficked or exploited at the time, and juries are understandably reluctant to convict if the client says that he was misled. Many experts in Finland do not support those laws, and the unintended consequence has been a booming internet prostitution industry.

I hope that the Home Secretary reads the submissions that she has received from interested parties, because she has stirred up something of a hornet's nest. This is the submission from Justice:

> "Further, offences of strict liability—which may be appropriate in regulatory or environmental law—are not appropriate in these circumstances. Effectively, these provisions will criminalise the use of any prostitute other than one who is self-employed. This may deter men from using prostitutes who are not working alone. This is counter-productive in relation to their safety."

As the hon. Member for Slough (Fiona Mactaggart) knows, it is often the fact that women are working together that provides them with some reassurance that they will be able to defend themselves against particularly aggressive rapists, and other unfortunates who try to acquire their services.

The Royal College of Nursing says: .

> "Part 2 will essentially lead to further criminalising of prostitutes and will place them in increased danger".

Liberty's submission says:

> "What 'controlled for gain' means is also very broad, encompassing any activity controlled…in the expectation of gain for anyone. Presumably this would cover the owner of a brothel."

Fiona Mactaggart: Does the hon. Gentleman agree that the reason why there have been no convictions in Finland is that there have been no prosecutions, except

[Fiona Mactaggart]

in the past two months? He suggests that "controlled for gain" is difficult to define, but it is clearly defined in the Sexual Offences Act 2003, which has worked well. The definition was decided on by the Court of Appeal in R. *v.* Massey.

Chris Huhne: I am not sure that the matter is as clear-cut as the hon. Lady suggests. I am here as an economist; I am not a lawyer, and I make no claim to special legal expertise, but I certainly listen to the submissions that I get from people who are much more legally expert than I. People who do not have an axe to grind, and who share the extremely worthy objectives of both the Home Secretary and the right hon. Member for Leicester, East—and, I am sure, many other Members, including me—have real problems with what is proposed in the Bill for fear that it will not work.

Let me add a point made by the Bar Council on the strict liability offence:

> "The offence as currently drafted risks convictions which may well be seen as unfair by reasonable people. Such convictions would bring the criminal law into disrepute, particularly given the stigma which would result."

It might have added that unfair law is also difficult to enforce. The police do not like it—for example, Andy Hayman says that he thinks that the matter will be extremely difficult—and juries will not convict under it. That is a tremendous problem.

The right way to protect vulnerable sex workers is to regulate the sex industry so that brothels are places of safety. Existing laws on obstruction and nuisance need to be applied more effectively. If someone has been trafficked or exploited, surely the correct response is to use far more extensive laws than those proposed in the Bill. The strict liability offence is generally really only a way of reducing demand.

Mr. Malins: The hon. Gentleman makes a powerful point. He talks about the reluctance of juries to convict in Finland, but he will note that the maximum penalty in the provision in question is a fine, so there is no right to jury trial. In this country, there is not a chance of a jury looking into such a case.

Chris Huhne: I take the hon. Gentleman's point, and I am grateful for that clarification.

In sum, this is a rag-tag Bill that leaves out the central provisions that were originally meant to be its purpose, so there is no vision of how local accountability will be made real. It is merely a set of provisions that takes us back to the failed model of the past. It is a vote from an exhausted members of the Government Bench for better yesterdays. It therefore teeters perilously close to the offence of wasting this House's time.

True, there are some unexceptionable provisions, such as those on force collaboration, but even there the dead hand of Whitehall reaches out with powers of direction. Where there are new ideas in the Bill, such as those on prostitution, they are more likely to do harm than to reduce it. In most cases, the proposals are beyond amendment, although we as Liberal Democrats and therefore optimists will do our best to amend them in Committee. The Bill as a whole is stuffed with a mixture of the pernicious, the vexatious and the supernumerary, and we regret it.

7.5 pm

Fiona Mactaggart (Slough) (Lab): I wish to speak mainly about the part of the Bill dealing with prostitution. The harm that prostitution does is mostly to the women who are for sale. Our duty as parliamentarians committed to human rights is to protect them, because the murders in Ipswich of Gemma Adams, Anneli Alderton, Paula Clennell, Annette Nicholls and Tania Nicol in 2006 were not as exceptional as we would wish. Prostituted women are, according to the *British Medical Journal*, 40 times more likely than other women to die a violent death. We need to reduce the exploitation and violence involved in prostitution. The Bill helps to do that by specifically interdicting actions such as pimping and trafficking, in which someone controls another human being for gain, and by ensuring that men who pay the prostitutes who are so controlled offend if, even inadvertently, they contribute to such exploitation.

David T.C. Davies: Is the hon. Lady aware that Europol believes that trafficking children for begging is an even bigger problem than the trafficking of sex workers, and can she explain why the Government have done nothing—not even organise a public information campaign—to discourage people from giving money to child beggars? People who give them money create exactly the same incentive for trafficking as men who visit sex workers do.

Fiona Mactaggart: The hon. Gentleman is probably not aware that a child beggar in my constituency was at the centre of one of the very few successful prosecutions in this country of trafficking for begging. I am acutely aware of the issue, and I have had excellent support from the police and the Home Office in securing that prosecution and in ensuring future further action. We are not talking about an either/or issue. We need to protect the human rights of exploited woman and exploited children, and I hope that we do.

I have previously argued that the Government should adopt the approach taken by Sweden, which prohibits the purchase, rather than the sale, of any sexual service, but my blandishments have been resisted. Tonight, we are looking at a much narrower proposal. The only form of payment for sex that is outlawed in the Bill is cases in which the woman is controlled by another person for gain. I do not believe that there is a single Member in the House today who would endorse payment for sex with a woman who is offering that service only because she is under the control of another person—her pimp, her trafficker, or the person maintaining her addiction.

Mr. Malins: Of course nobody would endorse a man doing such a thing, but does the hon. Lady think that he ought to have a defence if he knew not of the woman's position, and could not be expected to know of it—if he had made inquiries and was told, "There's no problem?"

Fiona Mactaggart: The hon. Gentleman makes a point that I was just coming to—the point that it is unfair if a man does not know the woman's status. Of course, women in such circumstances may very likely lie. However, we accept exactly the same kind of strict liability offence for shopkeepers who unwittingly sell alcohol to under-age drinkers. In fact, in the Bill there is a proposal, welcomed in all parts of the House, to toughen up that offence. The reason that that is a strict liability offence is that the harm caused by under-age drinking is sufficiently great for us to expect the shopkeeper to take responsibility even when a child lies. In my view, the same is true when human beings are put up for sale by people who control their lives to profit from the sale of their bodies. In those circumstances, this should be a strict liability offence, because the human rights at issue are not those of a man who seeks to gratify himself through the use of a woman's body, but the right of a woman to decide for herself to what use her body should be put.

The law before us does not prevent a man from purchasing sexual services from a woman who is willing, and only does so for a woman who is under the control of someone else. Both the United Nations declarations dealing with violence against women and international human rights legislation explicitly include violence related to exploitation and forced prostitution.

Lynne Jones: Will my hon. Friend give way?

Fiona Mactaggart: No, I do not have enough time.

States have a positive obligation to tackle prostitution, trafficking and sexual violence. Fulfilling those positive obligations may require legislative action such as the new offence, but it also involves non-legal measures such as the development of safe exit strategies for women who wish to leave prostitution. In his summing up, I hope that the Minister for Security, Counter-Terrorism, Crime and Policing can assure us that such measures will accompany the law, or at least be included in the forthcoming sexual violence strategy.

The Government have not gone as far as I have argued they should in following the Swedish model. I feared that their alternative would fail, because it echoes too closely the approach of Finland which, until recently, had not mounted any prosecutions. Now, however, Finland is beginning to use its law. I have been to countries such as Sweden and the Netherlands to look at their approach. I have spoken to prostitute women and police in both countries. I have talked to politicians and support workers in New Zealand and Australia, and I have concluded that the legalisation of prostitution has, in every case, increased, rather than reduced, exploitation.

The human rights approach is the basis of law in more and more countries. Even Amsterdam, with its infamous windows, has rowed back, because of the criminality and violence that such widespread sexual exploitation has brought in its wake. Norway has recently followed Sweden's lead. Those measures to tackle demand are effective in reducing the number of trafficked women in Sweden, which is why Norway has followed its example. Norway is the smaller country, but it had many more trafficked women than Sweden.

The present burden of law enforcement in terms of prostitution is going in the wrong direction, as it rests with the woman. She has, since 1824, been labelled a common prostitute, and risked regular fines or probation for soliciting. Generally, those fines are paid by her servicing more men. The Bill seeks to shift the burden: it drops the label, "common prostitute", ends fines and substitutes meetings as the sentence for soliciting, which is required to be persistent. The purpose of those provisions is to address the causes of the street prostitution and to find ways of addressing them in the future. It is therefore not just a meeting with the same old probation officer—a meeting with a citizens advice bureau or a drugs counsellor to help women deal with debts or addiction could fit the requirements of the law.

The courts receive no new powers of imprisonment, despite the claims of those who say that they do. However, as in all sentences, the courts have a power to issue a warrant for those who do not comply with court orders, and if a woman fails to answer a warrant, the police can detain her to ensure that she attends court. That happens to prostituted women who fail to adhere to probation orders under the present offence, so the Bill provides no greater power of detention than exists at present. It is right to ensure that the burden of enforcement lands on those who have most control and choice in their actions. Different groups of people are involved, including those who pay for sex and those who control vulnerable women, often coercing or conning them into prostitution and making large sums from their work. Often, those people are not included within the ambit of the current law. The people who live in communities affected by prostitution have no choice about whether they take their children to school past condoms and drug litter. Until now, prostituted women have borne the brunt of law enforcement in a manner that is counter-productive, especially as powerful studies consistently show that most prostituted women start to work as prostitutes when they are children. They were groomed to work as prostitutes under the age of 16, they want to leave prostitution, they are likely to be addicted to class A drugs, and they overwhelmingly demonstrate symptoms comparable to those for post-traumatic stress disorder. This is not just any job—this is a job that destroys women.

The English Collective of Prostitutes and representatives of the sex industry have implied that the designation, "controlled for gain", could mean that someone who pays for sex with a woman who has a landlord, an accountant or a maid could fall foul of the Bill, but they are wrong. The courts have already defined "controlled for gain" quite narrowly, as I informed the hon. Member for Eastleigh (Chris Huhne). In that case, the trial judge ordered the jury that in order to prove that the appellant had controlled the complainant the Crown had to prove that

> "he exercised control over her activities, in the sense that she was acting under compulsion exercised over her activities by the defendant. The Crown do not have to prove that on every occasion she acted under compulsion; they must prove that over the whole period the defendant was exercising control over her activities".

The judgment was upheld by the Court of Appeal.

Sex workers, as they are called by many people—I do not like to think of it as a job, as it is so exploitative—are often vulnerable young women with disturbed backgrounds, who have never known a stable relationship or respect from others and are therefore prey to pimps. It is all too easy for such a person to fall under the influence of a dominant male, who exploits that vulnerability for financial gain. Exploitation of prostitution for financial gain is the broad mischief at which clause 13 is aimed, whether or not it involves the intimidation or trafficking of the prostitute or prostitutes concerned. I urge the Home Secretary to keep that offence sufficiently broad to protect all women, not just those who are trafficked from overseas but those who are terrorised by their pimps and controllers.

[Fiona Mactaggart]

There are ways in which the Bill could be improved. I still believe that the Swedish approach would be better, but the legislation is an important step in the right direction. I am struck that opposition to the measure is going along the lines of "It's too hard to enforce", and is coming precisely from those quarters who, when I offered a simple-to-enforce solution in which all purchases of sexual services would be outlawed, made equally powerful arguments that that was not the way to go. Let us be clear: those who oppose the measure have exposed themselves as people who are more concerned about the right of men to purchase women's bodies than about protecting those women from the exploitation inherent in every single occasion of purchasing and of prostitution.

7.18 pm

Mr. Anthony Steen (Totnes) (Con): I was going to say that it is a pleasure to speak after the hon. Member for Slough (Fiona Mactaggart), but I am not quite sure that it is. However, it is certainly appropriate—

Tim Loughton: An experience.

Mr. Steen: Yes, it is certainly an experience. No one can doubt her passion, her conviction and her sincerity. However, they may question the prudence of the approach that she has expressed so strongly and strenuously this evening.

In an intervention, I mentioned that I had the privilege of accompanying the police on a raid on a sauna parlour in Hackney. I shall describe it, because I want to explain why clause 13 is difficult and problematic to enforce. As one enters the parlour, one sees a cashier, to whom one pays cash for the use of the sauna premises. Beyond the cashier was a large room with deck chairs dotted around it. At one end, some women—appropriately dressed—were sitting in the chairs, and there were a number of punters. Most in the room were of Asian origin, and as far as I could find out from the conversations that I tried to have with them, few of the women or punters spoke English.

If clause 13 was in place, how would the police have proceeded? As it was, the police questioned the women; two who were thought to have been trafficked were taken to the station. Would the women have been better protected, and if so how, if clause 13 had been in operation? The police would first have to have asked the men whether they were paying for sex. If the men had understood the question, they would probably have answered that they were paying for the sauna. The question for the women would have been, "Are you controlled?" I imagine a lengthy discussion facilitated by interpreters who would be funded by the taxpayer, and it would be difficult to discover whether any of the women had been trafficked. That shows how difficult or impossible it would be for the police to enforce the provision.

The better approach is through specific police raids, such as Operations Pentameter 1 and 2. Pentameter 2 involved visits to 822 premises; 157 were massage parlours and saunas, and 558 were residential properties. What was found? Some 167 victims of human trafficking were identified. They had not been driven underground. They were not asked questions that would incriminate anybody, but they were found to have been trafficked. Some 528 criminals were arrested and 6,400 police intelligence reports were gathered. More than £500,000 in cash was recovered; it should have been given to the victims of trafficking, but it was not. Some 13 of the victims were children, and the youngest was just 14. If clause 13 replaces the Pentameter operations, the victims of trafficking will not be found, because most are found during police raids; otherwise, they are found because the punters report them to the police.

I shall give an example. Two weeks before Christmas in my constituency—in Paignton, just a mile outside south Devon—a girl was found to have been trafficked from the Czech Republic. She had thought that she was going to a gymnasium, but ended up in a brothel. She escaped into a neighbouring club, where somebody called the police. She was helped back to the Czech Republic, and prosecutions are pending.

Fiona Mactaggart: Will the hon. Gentleman give way?

Mr. Steen: One moment, if I may.

The police tried to find the punters by advertising in the local newspapers. Six punters prepared to give evidence came forward. They would not have come forward if it had been a criminal offence for them to have had sex with that girl. That is an important point, on which I will not expand.

My approach is also confirmed by the Professional Association for Family Courts and Probation Staff, which has said:

> "It is difficult to see how the measure can be policed. In order to obtain a conviction evidence will have to be gathered and it seems fairly essential that the prostitute herself would be required to make a statement. This is likely to incriminate herself and also affect her livelihood. The vast majority of prostitutes, it could be argued, are involved in some sort of control; whether this is a pimp or a manager, a receptionist or owner of a brothel."

Is the plan to drive brothels out of business or underground, and is clause 13 simply a device to achieve the elimination of brothels, saunas and the like in the belief that they can be brushed out of society by an Act of Parliament? If so, it is nonsense. Prostitution has been here as long as the world has, and unlike King Canute we cannot stop the sea, whether we pass that clause or not. The association goes on:

> "It is also unclear what evidence would have to be produced by the police and Crown Prosecution Service to prove that an individual should have known that the woman was controlled for gain."

There is total legal uncertainty. Then there is the recent evidence given to the Home Affairs Committee, to whose Chairman I pay tribute. The Met Detective Chief Superintendent Nigel Mawer said that one of the biggest problems that the police were encountering was the identification of trafficked victims, as many do not declare that they are victims and police officers are untrained to spot them. How, then, will the punter on the street recognise one? In the same evidence sitting, Police Commander Alan Gibson said that

> "it is very difficult to identify the difference between women who are involuntarily in prostitution and those that are voluntarily in prostitution because you cannot rely on what they tell you."

It stands to reason that a trafficked victim might not confess to her would-be customer that she is trafficked; she might fear the repercussions and not say anything.

My view is that clause 13 needs considerable amendment if it is to be effective. The Government could have closed the existing loopholes in the Asylum and Immigration (Treatment of Claimants, etc.) Act 2004 by making an offence of trafficking babies, infants and children, who cannot speak for themselves. The 2004 legislation needs strengthening. The Bill's provisions on the proceeds of crime and recovery of expenses should have enabled the proceeds from traffickers to fund support programmes for the trafficked victims; at the moment the taxpayer, through the Criminal Injuries Compensation Authority, picks up the tab.

Unfortunately, clause 13 is a bold and radical provision that has not been thought through well enough. It is a start, but it will not work as we might wish. We all wish to see less human trafficking, which is now the third largest criminal industry after arms dealing and drug trafficking. But it will not be addressed until we recognise that it is born of poverty and economic desperation. Most victims are desperately seeking a new life and are tricked into being trafficked.

Dr. Evan Harris: I concur absolutely with the hon. Gentleman. Does he agree that the allegation from the hon. Member for Slough (Fiona Mactaggart)—that those of us who oppose the legislation do so for the wrong reasons—is incorrect? We recognise that prostitution in western societies will not be obliterated and that the key thing is harm reduction. Driving prostitution further away from the police would mean that vulnerable people would be driven further away from the police and support services. We should invest in outreach work, not push such people further from help.

Mr. Steen: I agree. I believe that the punter's role is crucial to finding trafficked victims. If we make the punter a criminal, we will not get the information and we will find that trafficked women will be harder and harder to find. If the police cannot get to trafficked women through raids because the brothels are not there, the whole thing will be impossible to manage. That is why, in the end, I oppose clause 13, although I understand the sentiments that have been expressed.

Fiona Mactaggart: Will the hon. Gentleman give way?

Mr. Steen: I will not.

Following pressure from our all-party group on trafficking of women and children, our Government have been more proactive on trafficking than those of other European countries. However, we would still benefit from a trafficking rapporteur, a position that exists in Holland, from far better intelligence links with other European police forces and from better trained border and immigration officials. Human trafficking is the new slavery. The old slavery never disappeared; we should realise that the scale of new slavery continues to grow, with more people trafficked each year than ever were involved in the old slave trade 200 years ago. I now give way to the hon. Member for Slough (Fiona Mactaggart).

Fiona Mactaggart: At last! I am sorry, but I am slightly disconcerted. The hon. Gentleman takes a close interest in trafficking. Does he accept that when I was a Home Office Minister, I did not make a particular offence of having sex with a trafficked woman because I had been persuaded that punters provided evidence about the trafficking of women? Since then, however, I have asked police in almost every force how many trafficked women they have found because of reports from punters. I have not been able to find any compelling reports that trafficked women have been rescued as a result of a punter's report to the police.

Mr. Steen: I have given the example of what happened in Paignton just before Christmas when the punters came forward to give evidence. I am sure that we could build on that if the arrangements were different and punters were not seen as criminals.

Everybody says that there are a tremendous number of trafficked women in Britain, but we have no idea of the figures. The human trafficking centre in Sheffield, which was set up by this Government—I pay tribute to them for that—spends nearly £2 million a year, but we ain't got the numbers. We do not know how many people are involved. It is pure guesswork and sensationalism when people talk about 4,000 to 6,000—the figure is probably in the hundreds, not the thousands. Whether it is hundreds or thousands, it is still too many, but the question is how to deal with those cases, which involve the poorest girls from the poorest countries of the world who have been duped and tricked.

When those girls come into Britain, they are under the control of somebody. How do we get to that person? The best way is the approach taken by the police through Pentameter 1 and Pentameter 2, operations which have been extremely successful. Every police force in Britain has joined with other forces to outlaw human trafficking, but we cannot get the traffickers, and we should be concentrating on finding them. We have rightly tended to concentrate on the victims—the girls—and now on the punters, but we should be doing far more about the traffickers by making the situation much more penal and difficult for them to operate in. It is no good just doing it in Britain—it must be a European initiative whereby all the countries join forces. Britain and Holland, among others, are way ahead on this. I pay great tribute to the Minister for Security, Counter-Terrorism, Crime and Policing, who is in his place, for taking that initiative forward, but I do not want him to go down the wrong track and end up making trafficking a far more difficult thing to unearth, with more women being pushed underground and not helped as we would like them to be.

7.32 pm

Dr. Roberta Blackman-Woods (City of Durham) (Lab): I welcome the Bill, particularly the measures to give local communities more say over the establishment of lap-dancing clubs in their area. I am truly pleased that the Government have listened to the campaign organised by Object, the Fawcett Society and many MPs, and that they have responded so helpfully to my ten-minute Bill on this subject. I have a particular debt of gratitude to Philip Kolvin, the solicitor who has been advising Object on finding a way forward through legislation.

[Dr. Roberta Blackman-Woods]

The key measure that I will talk about is clause 25. It is not without its problems, but I want to concentrate on what is good about it. As many Members will be aware, lap-dancing clubs are currently licensed solely under the Licensing Act 2003, and share the same licence as cafés and karaoke bars. Clause 25 will reform this by allowing local authorities to license lap-dancing clubs in the same way as sex shops and sex cinemas via the adoption of the Local Government (Miscellaneous Provisions) Act 1982. Clause 25 creates a third category of establishment—a sex encounter venue, defined as a venue where live visual performances for the purpose of sexual stimulation are provided for the direct or indirect financial gain of the operator.

The critical aspect of the Bill, therefore, is that local authorities are now allowed to reclassify lap-dancing clubs as sex encounter venues. The Local Government Association is backing the measure, as it will allow councils to impose conditions on lap-dancing venues when granting licences or to refuse licences altogether. As we know, the current categorisation has been wholly inadequate, and means that local councils could refuse a licence only by arguing that one or more of the licensing objectives under the 2003 Act would be breached. That is possible, but has proved very difficult in practice.

Many of us arguing for a change in legislation did so on the basis of getting the law changed so that local people would have a much greater say over whether to have a lap-dancing club in their area. The reforms contained in the Bill will allow authorities that choose to license lap-dancing clubs or similar as sex encounter venues to be able to consider important factors such as gender equality, the character of a locality and whether a lap-dancing club is appropriate for a local area. The reform will also give local authorities control over the total number of venues licensed in their area and empower local people by allowing a greater number to raise objections on wider grounds. In addition to the LGA supporting these reforms, we should note that the National Organisation of Residents Associations also supports them, as does a wide coalition of councillors and community and women's groups, including Rape Crisis England and Wales.

The Lap Dancing Association acknowledges that the current legislation does not allow community concerns to be taken into account when granting a licence but supports only voluntary measures to address the problems or argues that they can be addressed by reforming planning legislation. I would argue that that is not the answer either. As we know, the current legislation does not allow for sufficient consideration of wider community objectives such as tourism, regeneration policies or changes to the character of the area, or for the views of women who have to walk past such venues to be taken into account. The vital point is that those issues are unlikely to be addressed through the planning system, even if it were reformed.

The solution contained in the Bill—to create a third type of sex establishment, a sex encounter venue, to exist alongside sex cinemas and sex shops—is the only sensible way forward. As I said, the definition of a sex encounter venue is one where nude entertainment is provided before a live audience for the direct or indirect financial gain of the organiser or entertainer. The nude entertainment must be of a nature that, ignoring financial gain, must reasonably be assumed to be provided solely or principally for the purpose of sexually stimulating any member of the audience. That is an important definition, because it should rule out nudity as part of a dramatic performance being covered by the reforms.

Some other issues and concerns have been raised by the Lap Dancing Association. I think that they can all be refuted quite easily, although I do not have time to go into them all now. Its first, and major, criticism of the Bill is that lap dancing is entertainment, not a sex encounter. I would argue instead, as have others, that the fundamental nature of the transaction is that a man pays a woman to take her clothes off and place her sexual organs near his face. The notion that this is not part of the commercial sex industry is not seriously sustainable. The LDA also argues that councils have sufficient powers to impose restrictions on premises' licences. We know from the operation of the 2003 Act to date that those powers are impossible to operate in practice. The LDA's third major objection to changing the legislation is that the industry will go underground, but that could be an argument against regulating anything. If it does, it will be the duty of the enforcement authorities to prosecute. In any case, that is an argument for more, not less, regulation.

It would appear to most sensible people that bringing lap dancing into the same category as sex cinemas and sex shops and licensing them is a sensible response to the recent proliferation of such venues, enabling authorities to exercise greater control if they wish to. However, before everyone thinks that we are home and dry, I should like to outline two problems with the proposed reforms and ask the Public Bill Committee to consider them further. The first and most significant problem is that premises holding lap-dancing events less often than once month will be exempt from the reforms.

As it stands, the Bill exempts from the reforms premises hosting lap dancing for less than once a month, but a large number of venues in the UK hold monthly lap-dancing nights and would fall under this category. Lap-dancing clubs and agencies cater specifically for that sub-market, which is likely to grow if the loophole remains, especially given the current economic climate of falling alcohol revenues in the licensed trade. Residents with objections to a venue hosting lap-dancing nights less than once a month in their area will still find themselves objecting under the limited grounds of the Licensing Act 2003. The second problem is that the reforms are not mandatory.

I want to thank the Minister for taking the issue seriously. He will know that my interest in this area arose because of a proposal to have a lap-dancing venue in a totally inappropriate location in Durham. Residents there are very much behind the legislation, but they stress that it is important for the loophole to be tightened so that it is not possible for those operating lap-dancing clubs to use temporary events notices as a way round the legislation. This is a serious issue and I hope that it will be addressed by amendments in Committee so that we get an important piece of legislation that gives local communities a greater voice. On the question of whether the provisions should be mandatory, we need to be careful that we do not have a postcode lottery, where some communities get more say over lap-dancing clubs in their area while others do not, because their local authority has not taken the legislation on board.

7.41 pm

Mr. Henry Bellingham (North-West Norfolk) (Con): It is a great pleasure to follow the hon. Member for City of Durham (Dr. Blackman-Woods), who I thought made a very thoughtful speech.

This is the 26th major crime Bill introduced by this Government, but we still have a police force that is weighed down by bureaucracy and excessive paperwork. The overall level of crime has come down slightly, but we all know that knife crime is up sharply, and that violent crime is up by nearly 80 per cent. This is a skeleton Bill in many respects, and a great deal of legislation will flow from it in the form of statutory instruments—an arrangement that always worries me.

On policing, we know that 14 per cent. of all officers' time is spent on patrol, whereas 20 per cent. is spent on paperwork. According to the No. 10 strategy unit, it takes 11 and a half hours for a police officer to process an arrest, and the Flanagan report was rightly critical of the burden of bureaucracy facing our police forces throughout the country. One of my regrets is that the Bill singularly fails to get a grip on that problem. Why have the Government not gone further on the Flanagan report? Surely this is a wasted opportunity.

I mentioned the senior appointments panel in an intervention on my hon. Friend the Member for Epsom and Ewell (Chris Grayling). Clause 2 places the panel on a statutory footing, and I ask the Minister why. Will that not create extra cost, and will it not be yet another bureaucratic body? Why, for example, will the panel members and the panel chairman be paid? Surely it would be far better to find volunteers to do such work, particularly when the budget is under so much pressure. I hope that that point will be looked at carefully in Committee. I have every confidence that my hon. Friend the Member for Bury St. Edmunds (Mr. Ruffley) will get a grip on the matter, because it is important.

A number of right hon. and hon. Members have spoken about the provisions in the Bill that deal with prostitution. As my hon. Friend the Member for Totnes (Mr. Steen) said a moment ago, Her Majesty's Government are right to try to protect vulnerable children from exploitation. They are right to try to tackle the exploitation and trafficking taking place. I believe that the level of trafficking is quite appalling, but I have concerns about the creation of a strict liability offence. I am concerned about the removal of intent—or, as we lawyers call it, the mens rea. There is a chance of unintended consequences, and the provisions are riddled with anomalies. When there are prosecutions, they will be a lawyer's dream.

I take on board the points made by the Chairman of the Select Committee, the right hon. Member for Leicester, East (Keith Vaz), and I thought the hon. Member for Eastleigh (Chris Huhne), who is not now in his place, made a number of excellent points on this subject. I endorse what the Bar Council recently said when it pointed out that the offence as currently drafted risks convictions that may be seen as unfair by reasonable people. Such convictions would bring the criminal law into disrepute, particularly given the stigma that would result. I urge the Minister to look at that matter again.

The hon. Member for Slough (Fiona Mactaggart) made an impassioned and impressive speech, and I can tell her that that those of us who are picking one or two holes in these provisions do not in any way want to be soft on child trafficking. We do not in any way want to stand up for the people who feel they have to, in unfortunate circumstances, go and use prostitutes. We are concerned, however, about bringing in credible law that will stand the test of being put through the courts.

I believe that the under-18s involved are the real victims. They need practical help and support, and should not be criminalised. I agree with the hon. Member for Oxford, West and Abingdon (Dr. Harris), who talked about harm reduction. The Bill does not abolish the power to prosecute a child over 10 for offences under section 57 of the Street Offences Act 1959, although it does amend that legislation. It is a big mistake that it does not abolish the power to prosecute those children. I have received briefings from a number of eminent organisations, including one from the YWCA, which makes it clear that

> "The numbers of children aged under 18 who have been prosecuted under s. 57 are extremely low but the fact that the offence remains is potentially very damaging. In particular we are concerned that fear of prosecution deters young women from seeking help when they need it most."

Similar comments were made by Barnardo's and the Standing Committee for Youth Justice. An overwhelming number of briefings and conclusions have been put to right hon. and hon. Members, saying that the Government have missed an opportunity. Furthermore, I think that the Minister for Security, Counter-Terrorism, Crime and Policing said in response to a debate on the Criminal Justice and Immigration Bill last year that the Government would consider this matter further. I am disappointed that the Bill today does not address this point. I hope that the Minister will tell us why it does not, and give us some assurance that the Government will look at the matter again.

The provisions in the Bill dealing with extradition worry me, because again we have a wasted opportunity. The Extradition Act 2003 made various amendments to the law as it then stood and implemented in this country the European arrest warrant, which removed the requirement of dual criminality for certain offences. A UK court had always had to determine that a prima facie case had been made, but it is now enough if a European arrest warrant is issued by an EU country in respect of a listed offence.

My concern is that such offences are so broad that many are meaningless. Some are described as "computer-related crime", or "swindling". We recently had a extradition case between Poland and Lithuania involving a young adult who was charged with piglet rustling. That type of case brings extradition into ill repute. The Government should take a long hard look at the European arrest warrant, and use the Bill as an opportunity to tighten it up and improve the situation. The Government seem to be peddling the presumption that all EU countries have the same fair and equal systems of justice. That is a dangerous assumption, because it manifestly is not the case. We are in danger of a serious backlash on the European arrest warrant unless the Bill is used to do something about it.

In the case of non-EU countries, we all know that the Home Secretary, by way of Order in Council, can remove the need for specified countries to produce prima facie evidence to support a request for extradition. We know about the arrangement with the United States through the case of the NatWest or Enron three, but

[Mr. Henry Bellingham]

similar Orders in Council have been used to bring in such procedures in the case of countries such as Azerbaijan, Georgia, Russia and Turkey. That concerns me a great deal. The key point in the case of America—I assume that it is the same for the other countries—is that there is not genuine reciprocity. If we are to make changes to our law and put the liberties of UK citizens at risk, there has to be full reciprocity.

Mr. Burrowes: On reciprocity, may I draw my hon. Friend's attention again to the case of my constituent Gary McKinnon, who is subject to extradition on the basis that he hacked into American computers? In court tomorrow, he will challenge the Home Secretary's decision to extradite him. Does my hon. Friend not agree that Gary McKinnon is a prime example, and perhaps a better example than the NatWest three, of a victim of laws that do not demand proper reciprocity? He has admitted guilt and is asking to be prosecuted by the courts in this country.

Mr. Bellingham: I am grateful to my hon. Friend, not least because he has given me some injury time for my speech. I could not agree more about Gary McKinnon. The offence that he committed is very serious in America, but not so serious here for a variety of reasons. If we were trying to secure an extradition from America of someone who had committed a similar offence, a prima facie case would have to be made in the American court by the extraditing country. In this case, no such requirement exists.

I am very concerned also about the Raoul Weil case. Very few people in this country will have heard about it. He is a 49-year-old Swiss national who lives and works in Switzerland, and he ran the global wealth management arm of UBS in Zurich and was also based in London for a time. He was involved in putting together a number of products for high net worth individuals, which were basically aimed at reducing their tax liability, and he fell foul of the US Internal Revenue Service. He was in charge of a private bank at the time of the alleged offences, so last November the Americans charged him with conspiracy to defraud the US through tax evasion. If convicted, he faces a long period in jail and a huge fine. He is considered a fugitive because he has not flown to the States to get himself arrested.

What is so worrying about that case is that although UBS has clearly upset the Americans, no one has charged Weil with doing anything to hurt his homeland or contravening any EU or Swiss law. The logic of the case is that any employee in any non-American tax jurisdiction is vulnerable unless they comply not just with their own laws but with American law. I hope that the relevant part of the Bill will be reconsidered carefully, and that protection will be given to people such as Raoul Weil, Gary McKinnon and the Enron three. Let us hope that this fag-end Bill will be examined in Committee and really improved.

7.53 pm

Ms Sally Keeble (Northampton, North) (Lab): I wish to focus on part 3 of the Bill, which is about alcohol. I very much welcome the proposals, but I would like the action to go further and include some of the measures that were in my ten-minute Bill on alcohol pricing and promotions. In particular, my concerns are about the impact of alcohol on young people. I welcome the fact that the proposed measures are directed particularly at drinking among young people.

We all know the general figures for alcohol consumption, but among the young the figures are getting very much worse. By the age of 13, more young people are drinking than not, and by the age of 15 one third are drinking once or more a week. Among those aged from 11 to 15 who drink regularly, the average weekly alcohol consumption has risen from 5.3 units in 1990 to 11.4 units in 2006. Those figures are provided by the Royal College of Nursing and show a high level of alcohol consumption among very young children—well over the Government limits for adults. The issue is not just the amount that young people are drinking; it is also where they are drinking it. Research shows that one third of 15-year-olds drink, and that one third of those do so in public places. All the provisions about drinking alcohol in public places are therefore particularly important when it comes to young people.

I was grateful to the National Association of Head Teachers for supporting my ten-minute Bill. It was concerned about the impact of drinking with regard to young people missing school, turning up late or turning up with hangovers. The Police Federation was supportive because of the obvious links between drinking and crime, which are particularly bad in the case of young people. One third of all deaths caused by alcohol are from injuries suffered when people are drunk, and that is most common among 16 to 24-year-olds. Young people are more likely than others to be involved in alcohol-related crime, and are the most likely people to be injured or killed as a result.

We know from the British Medical Association, which also supported my Bill, about the serious consequences of the increase in drinking for the physical and mental health of young people. Over Christmas in Northamptonshire, there was a very welcome reduction in the number of people arrested for drink-driving; the number of arrests fell from 112 to 98. However, among 17 to 24-year-olds the figures did not go down. In fact, the county police said that while young drivers formed 10 per cent. of all drivers, they formed 35 per cent. of those arrested for drink-driving. It seems that we need to consider specific measures to deal with the particular problems associated with young people and alcohol. On that basis, the relevant measures in the Bill are particularly important, even though they might seem draconian and even though people might ask why we should adopt them rather than others.

There are to be increased penalties for selling alcohol, which chimes with the public's concern not just about the symptoms of children's drinking but about trying to cut it off at source. People are concerned about the fact that however much one might try, there is still a pattern of young people drinking at home before they go out or drinking in parks, perhaps because they cannot get into on-licences. They are certainly drinking alcohol obtained from off-licences.

The "three strikes and you're out" rule, too, is important in the context of young people drinking in public places. Of course, there will need to be some care in its management and interpretation, for example in deciding whether a park is a public place. The police will need to give some thought to how they manage it, but we must bear in mind the fact that in Northampton town centre, for example, there is a ban on drinking in public. The police use such measures on a voluntary basis, and there is a possibility of making them available nationally and in an organised way.

One matter that I ask the Government to consider really carefully is the mandatory code. I very much welcome it, but it will need to be tough and it will need substantial measures to deal with the real problems that arise from alcohol sales. Why are there to be only nine conditions? Why cannot the appropriate number of conditions emerge from the consultation? Of course, the code will depend on secondary legislation, but will it cover labelling and the number of units in a drink, advertising, promotions, and the stocking and location of shelves in supermarkets, so that shelves stocking alcohol are clearly signed and located in particular places? Otherwise, as people walk around shops where the primary purpose is to sell food they become increasingly aware of alcohol on the shelves and piled up on the floor next to the till. That particularly applies before a bank holiday or when there is a big sports match on TV. Will there be provision in the mandatory code to deal with some of the price cuts and discounting that are so incredibly damaging?

I believe strongly that there is a real need for much tougher action to deal with the problem of alcohol sales, particularly to younger people. The Sheffield research showed clearly the link between price and availability, and consumption. It made the case strongly for minimum pricing of alcohol. As I said in an intervention on the hon. Member for Eastleigh (Chris Huhne), the research shows that a 40p minimum price would cut binge drinking, would not affect responsible drinkers, and would reduce hospital admissions by 41,000 a year and crime by 16,000 a year. Minimum pricing is strongly supported by many groups that are concerned with the matter, and by the on-licence trade because it would provide more of a level playing field between the on-licence and off-licence trade.

Will the Minister talk to his colleagues and consider whether tax concessions on white cider could be changed in the next Budget cycle? The tax regime for cider and perry pricing was designed to encourage small producers and fruit growers, not to subsidise some of the most pernicious forms of alcohol that are sold in the shops. Anyone who has seen White Lightning piled up on the bottom shelves of supermarkets knows that its price way undercuts that of other drinks. The duty on a pint of cider, whatever its strength, is only 16p, but it is between 35p and 59p on beer, depending on its alcoholic strength. There is no logic or rationale for such a price differential.

My concerns about binge drinking are rooted in my constituents' experiences. One constituent's son was killed after a happy hour promotion, and people who live near a park in Moulton Leys have had their lives made a misery by young people who gather there, and whose behaviour deteriorates when they are given drink. I welcome the proposals, but I ask my hon. Friend the Minister to give them greater consideration and to be tougher.

8.3 pm

Mr. Humfrey Malins (Woking) (Con): As always, I begin by declaring an interest as a Crown court recorder and a district judge sitting all over London and the south-east. I hope that my hon. Friends agree that one of this Labour Government's greatest failures over the past 12 years has been their crime and law and order policy I have witnessed anecdotally in court—we all know it to be true—a huge increase in murders, gun crime, knife crime, and crimes of violence generally. That increase has been horrific, and has brought great distress and upset to many right-thinking members of society. The real problem, which we never seem to get to grips with, is the Government's failure to ensure that our existing law is properly enforced by police on the streets and by the courts. Failure to enforce existing law is an accusation to which the Government must plead guilty.

Another problem is detection rates. It is usually said that a criminal's greatest fear is being caught, not whether the maximum sentence is three years or six years, or whether the *Daily Mail* had a decent headline last week about this or that. Being caught is the greatest fear, and detection rates under this Government have fallen dramatically.

I asked a parliamentary question about burglaries in Surrey in the past few years to find out about detection rates. Do you know what the answer was, Madam Deputy Speaker? One in 10 is successfully detected. To put that in another way, nine out of 10 burglars know that they will get away scot-free. No wonder crime is on the increase.

Here is a little point. I wonder whether the Minister knows about a problem in the courts with the police whereby many assaults that amount to actual bodily harm—they are serious crimes, which can go to the Crown court and carry several years' imprisonment—are charged by the Crown Prosecution Service as common assault under section 39 of the Criminal Justice Act 1988. Why? First, because it is simpler; secondly, because common assault cannot go to the Crown court; and thirdly, because it is more likely that there will be a guilty plea and the matter can be dealt with quickly. The result is that many crimes are not being charged as the serious crimes that they are.

What about tonight's speeches? The hon. Member for Slough (Fiona Mactaggart) made a passionate speech, and I respect her for what she said. She talked about violence to prostitutes, and of course everyone in this House of Commons hates that. She talked about pimping, and of course we are against that. She also talked about traffickers. My goodness, I wish that more of them were brought before the courts so that they could receive the condign sentences. She talked about common prostitutes. In the courts in which I sit, I have seen those pathetic individuals, and my sympathies and those of many of my hon. Friends for them is no less than the hon. Lady's. I see ruined bodies and ruined young women, and class A drug addicts. Some may have pimps and some may not, but they are ruined. Do I believe that clause 13 of the Bill will sort out their lives? No, I do not. What is needed to sort out their lives is the ability to get a life away from the drugs that have ruined them over so many years. The very fact that I believe that clause 13 will be bad law does not mean that I fail to

[Mr. Humfrey Malins]

share some of the hon. Lady's views. I do share them in terms of the horror at much of what goes on in society at the moment.

I also share the views expressed so ably by my hon. Friends the Members for Totnes (Mr. Steen) and for North-West Norfolk (Mr. Bellingham), who said that clause 13 will be bad law. It will be bad law. Let us see what it says. It says that a person commits an offence if he

"makes or promises payment for the sexual services of a prostitute"

and any of the prostitute's

"activities relating to the provision of those services are intentionally controlled for gain by a third"

party. Here is the rub.

"The following are irrelevant"—

whether the person buying the services

"is, or ought to be, aware that any of"

the prostitute's

"activities are controlled for gain."

That is irrelevant under the clause, and I believe that that is wrong. I really believe that that should not be an offence of strict liability like crossing a traffic light or breaking a speed limit. There must be a mental element, and it would be very bad law, difficult to enforce and wrong if the Bill were passed in its present state.

Fiona Mactaggart: Does the hon. Gentleman accept that were there a mental element, as he requests, the proper charge against a man who pays for sexual services would be rape, because there is no way that the woman would have consented to the act?

Mr. Malins: That is an unreal comment. I am referring to a situation in which there is no defence whatever for going to a prostitute, whether it is a women going to a male gigolo—prostitution works with both men and women—or a man going to a women prostitute. It seems to be wrong in principle that there is simply no defence available if those women are controlled in their activities.

The next part of clause 13 says that it is

"irrelevant…where in the world the sexual services are to be provided".

That means, unless I am mistaken, that a person who arranges for sexual services in a foreign country from somebody who may or may not be controlled may be guilty of an offence if that person is controlled, even if the act is to take place abroad. How odd it would be and what bad law it would be if a person in this country were convicted of an offence in this country in relation to something that had not yet happened—but which he had arranged—in a country where such activity is entirely legal.

I need hardly draw to your attention, Madam Deputy Speaker—in fact, I think I may have to draw this to your attention, because you will not know about it—that in certain countries there are state-run brothels. Indeed, some brothels are organised by the state or a municipal authority. Presumably those organisers have, strictly speaking, some form of control, through rent or a levy on the takings of the person concerned. It seems ridiculous that a person may go to an official brothel abroad or to a country where prostitution is entirely lawful and find himself or herself guilty of a crime in this country. That is wrong and the Bill will need amendment.

I will tell you one thing, Madam Deputy Speaker: for all the Minister's talk about consulting widely on the provision, I can tell him that those to whom I have spoken, in the police and throughout the judiciary, think that clause 13 as drafted will be bad law. They think that there will be a huge problem with evidential matters. Let us imagine someone pleading not guilty at Camberwell Green magistrates court to going to a prostitute in Taiwan who was controlled. I am trying not to be flippant, but let us imagine the problems in calling evidence, not only from abroad if the prostitute was abroad, but in the UK. There will be huge evidential problems. My forecast is that in the first year of the provisions being on the statute book, there will be few if any prosecutions, and all this at a time when the plight of prostitutes in this country is dire, because of other matters, such as pimping and drugs, to which we should give much more attention.

Enough of that. What of other matters? What of clause 26? This touches on my earlier point about law that is not enforced—law that is ridiculous. Let us look at clause 26 for a moment. It increases the penalty for consuming alcohol in a designated public place from level 2 to level 4—that is, from something like £500 to £2,500. All that the Home Secretary could say to me earlier was that the proposal sends out a message. But what on earth is the use of that, when in the past few years nobody has been fined more than £250? Does the Minister know that under the fines system, which, by the Government's own strictures, now means that fines have to be within certain confines relating to the defendant's means, it will be practically impossible to fine anybody more than £100 for that offence, because they are all on benefits or low incomes? The proposal is absolute nonsense—yet again, a flagship headline that will get the Government overnight popularity.

Clause 29 creates the offence of persistently possessing alcohol in a public place three times in 12 consecutive months. Why three times? It is ridiculous. Why not twice? Why not once? Why not four times? The Government get worse. Under the Licensing Act 2003, it is an offence to sell alcohol within three months to children on three occasions. Wow! Look what is happening now: "We're going to change it to selling on two separate occasions. This is the flagship!" Is the Minister serious? Does he think that there have been a lot of prosecutions for selling three times? Is it not an offence to sell alcohol to children once? What is the magic about two?

What on earth is going on? The answer is not a lot. We are blessed with Home Office Ministers who, frankly, thrive on the oxygen of a good headline and who pass more and more laws, each of them meaningless and not enforced, and with a Government who gloss over the truth of what is happening on the streets. Until we get a Government who enforce the existing law, our crime and disorder problems will continue to escalate.

8.14 pm

Lynda Waltho (Stourbridge) (Lab): I welcome the Bill, particularly the measures that relate to the licensing of lap dancing and those that tackle alcohol-fuelled crime.

I have been working on the issue of licensing lap-dancing clubs over the past two and a half years or so. Constituents first contacted me when the Picture House nightclub in my constituency applied to be a lap-dancing club. It would have been the second lap-dancing club in the town, within a matter of yards of the first. Despite strong and convincing objections, the licence was granted. That brought home to me just how large the loophole in the legislation is and how little the quality of life and the views of my constituents counted.

The current four licensing objectives are insufficient and do not reflect the concerns that a community might have, including about the character and quality of life in an area and how residents, local businesses, workers and shoppers may be affected. Such things cannot be considered under the present system. It was unacceptable that someone could object to their neighbour building a porch or a conservatory, but not to a lap-dancing club next door or more than 100 yd from their home.

I became involved in the Object Fawcett campaign, which built up a coalition of MPs, peers, academics, councillors, residents and grass-roots support throughout the country. I was a co-sponsor of a ten-minute Bill dealing with the issue and tabled an early-day motion that received 119 signatories. I welcome the fact that the Tory party now officially supports the measures, albeit late to the fight and after a great deal of adverse publicity arising from the offer of a voucher to the Rocket lap-dancing club, during the party conference in Birmingham. I am told that the Tory shadow Chancellor—he still is the shadow Chancellor, isn't he?—is fond of saying that the Tories will make a difference. Well, they certainly did in Birmingham, because takings rocketed during their conference week in Brum.

I am grateful to my right hon. Friend the Home Secretary and my hon. Friends the Minister for Security, Counter-Terrorism, Crime and Policing and the Under-Secretary of State for the Home Department, the hon. Member for Tynemouth (Mr. Campbell) for picking up the issue and for listening to my constituents.

I welcome clause 25(4), which will allow local authorities to set a limit on the number of sex establishments of a particular type in an area. Interestingly, I have received correspondence on that point from women in the business who are concerned about the ease with which establishments could open. The opening of too many establishments could affect the little control that those women have over what they have to do for their money. Quite simply, if a woman in the club down the road was allowing punters to touch her, other women might have to do the same or possibly more to keep their punters.

It became clear to me through speaking to current and ex-lap dancers that, more often than not, it is they who are being exploited. The majority put up with working conditions that no union would allow and little or no employment rights. For a pitch—that is, for the privilege of dancing for gentlemen—they have to pay anything from £50 up to £250. Those women pay for drinks and costumes, and they are encouraged to pump their gentlemen for expensive cocktails and champagne. The women do not get to keep their earnings and many cannot join a union.

I am glad that Ministers were not convinced by the arguments of the chairman of the Lap Dancing Association, Mr. Simon Warr, who claimed to the Select Committee on Culture, Media and Sport that lap dancing is "not sexually stimulating" and that clubs provide hospitality rather than sexual services. Bizarrely, and for the first time in my life, I agree with Peter Stringfellow, who told the same Committee:

> "of course it is sexually stimulating".

However, I did not agree with his further comment:

> "so is a disco, so is a young girl flashing away with her…knickers showing."

Of course lap dancing has some form of sex. Given Mr. Stringfellow's well-reported support of the Conservative party, I wonder whether he represents its more erudite wing.

Along with my hon. Friend the Member for City of Durham (Dr. Blackman-Woods), I am concerned about the exemption in proposed new paragraph 2A(3)(b) of the Local Government (Miscellaneous Provisions) Act 1982, in clause 25(3), for premises holding lap-dancing events less than once a month. Temporary event notices cannot be opposed by a local council and are automatically granted. Residents therefore find themselves without even the limited means of objecting under the Licensing Act 2003. I believe that that contradicts the main aim underpinning the proposed reforms, which is to empower local communities as fully as possible. I argue that exemptions should be amended, to avoid creating further loopholes.

I am the chair of the all-party group on alcohol misuse, and I am particularly concerned about the proposals on alcohol. The Bill contains an enabling power for a statutory code of practice on the supply of alcohol, allowing the Secretary of State to prescribe mandatory conditions for all licensed premises without conditions. I support the measure, because the aim of encouraging the more responsible sale of alcohol is important. My concern, which is shared by Alcohol Concern, is that there is no centrally held register of licensees. That means that individuals who have had their licence revoked may apply for a new one in another local authority area, which cannot easily access information about the applicant's former conduct. It seems sensible to introduce a centrally held register of licensees, and I urge the Minister to consider that proposal.

I broadly welcome the measures on the new offence of persistently possessing alcohol in a public place, about which my constituents and the local police are concerned. However, we need to be aware that simply putting more young people into the criminal justice system is not always the most productive way of addressing the problem of alcohol misuse. In addition to the new powers, we need to focus on more early intervention for people of all ages. Schemes such as the Home Office-approved one in Dudley borough, run by Aquarius, deserve more investment. The scheme aims to reduce alcohol-related reoffending by changing people's behaviour, and it is a proven success. A recent evaluation showed that, among the people who had attended, overall reoffending in Dudley was down by 49 per cent., and alcohol-related reoffending was down by 12 per cent. The scheme is also accessing people at an earlier stage in their drinking, including younger people, binge drinkers and perpetrators of domestic violence, none of whom would normally contact an alcohol service. Such schemes make a huge difference across the borough, and we should do more to support them across the country.

[Lynda Waltho]

In addition, although I support the extension of the power to issue a direction to leave, we must be wary of fast-tracking young people into the criminal justice system. More investment is required in outreach youth workers and in positive intervention by the services. I hope that my own Tory-controlled Dudley council will take note of that, as it is currently cutting youth services. Young people should first be offered a programme of support if they are found to be persistently drinking to excess in public and need to change their behaviour. A welfare and social response should surely precede any punitive one for the 10-to-15 age group.

Before I conclude, I should like to say a few words in general support of the Bill, particularly in the light of my experience with the West Midlands police force through the police parliamentary scheme. I worked alongside many officers across all departments of the force, and obtained a warts-and-all view of the work that those men and women do for us, day in and day out. I came away with a renewed respect for the job that they do in the most difficult circumstances, often with provocation from members of the public that even a mild-mannered lady such as myself found it hard to rise above. I know that the falling crime rate—now at its lowest in the west midlands for 18 years—is due to the dedication of those police officers and to the continued assistance of new powers to enable them to do their jobs effectively and professionally. I am sure that many of the measures in the Bill will add to their effectiveness.

I support the Bill and I am grateful that my many concerns and those of my constituents have been acted on, but I would really welcome clarification and assurance on the issues that still concern me. They include lap dancing, temporary licences, the registration of alcohol licensees, and the safety and support of young problem drinkers.

8.23 pm

Mr. Dai Davies (Blaenau Gwent) (Ind): I am sure that all hon. Members have the utmost respect for our police forces. They do a fantastic job, and it is certainly not a job that I would like to do. Policing is now probably at the top of the agenda in our constituency offices, alongside health, education, climate change and transport. It is one of the most important issues for our constituents. The police force offers a service to the community, and I believe that it should be funded according to need. I guess that we have all received a number of lobbies from police authorities, and they show that there is a breakdown somewhere between the Government and the police authorities. We have heard tonight that a lot of money has been put into the police forces, but that is not the way that the representatives of the police authorities who come to talk to me about funding see it.

One subject that has been prevalent in tonight's debate is the need to include the community in decision making. One measure that has been introduced in our area is the PACT—police and community together—meeting, but the problem is that there is a huge difference between consultation and action. Unless the people at those meetings see action, they will walk away. Including the public is one thing, but if they are then alienated, they will leave the process alone. If we are encouraging the public to come along to such meetings, we should consider giving them a budget of their own to spend on the issues in the community that worry them. I guess that those issues are primarily the same for all of us. They include antisocial behaviour and traffic problems—nothing that is particularly high on the agenda in terms of serious crime, but in our communities such issues are very important. To that end, there needs to be a review of the antisocial behaviour order system. It is certainly not working in our area. The persistent offenders—the usual suspects—are still there.

Police community support officers provide a uniformed presence on the streets. That is a good idea, but I still believe that if we asked our constituents whether they would prefer four community support officers or two of our own police officers, they would rather have the full-blown police officers.

We have heard tonight that more than 3,000 new laws have been introduced. I am sure that they were introduced with all the right intentions, but what is the point if we cannot enforce them? We would be better off with fewer laws and better enforcement.

On a number of occasions, the police have talked to me about their relationship with the Crown Prosecution Service. In certain circumstances, the police want to bring charges and the CPS decides otherwise, and there seems to be a definite breakdown between the two organisations.

There has been a loss of values in our communities, a loss of respect for the police, and in some cases even a loss of respect for life. We need to bring back that respect.

Another problem that we have heard about tonight relates to statistics, and to the number of crimes that those in our communities see as crimes, especially in relation to antisocial behaviour. Such crimes are often not recorded as crimes. People in my community have now started to ask for log numbers. If the police refuse to list an incident as a crime, at least people will have something to refer to if they have a log number. That, too, needs to be looked into.

We have spoken many times about the lack of discipline in young people. Thank goodness that applies only to a minority, but it is a significant minority none the less. In that context, we have also spoken tonight about alcohol abuse. I recently met representatives of the Royal College of Nursing, who complained bitterly about the number of assaults on nurses that are now taking place, primarily because of alcohol abuse. I am sure that teachers and police officers would make the same point.

To put barriers in the way of obtaining alcohol is one thing—I understand why that is happening and I support some of the measures involved—but we are not asking why children and young people under the age of 16 find the need to drink. What are their reasons? Most of the reasons relate to inactivity and boredom: they have nothing to do. The problem is that our local authorities are now having to cut their budgets, which are being tightened all the time, and the provisions that are being taken away from our communities tend to be the ones that the young people want to keep, including the youth clubs and leisure facilities that provide them with something to do. Unless that is looked at, the problem of inactivity among our young people is going to get worse.

If we as politicians sat in a room with police, teachers and people in our communities, I am sure that we could identify the problem families. They tend to be the same ones time and again. Those problem families need 24/7 attention. With a lack of social workers and youth workers alongside the police, those problems are not going to go away.

The police authorities do a fantastic job. We speak about electing people to them, but that is already happening through local authority representation. Perhaps that is something that needs to be reviewed and strengthened, but the local authority certainly has a presence, and most of it comes from people who have been elected by their communities. If there is a problem there, let us look at it.

I honestly believe that the problem in my community has been worsened over the years by the removal of local police stations. At one time, each small community had its own police station somewhere in the vicinity. We also had police houses on estates. When problems broke out in those estates, the complaint we always got was, "You don't have to live with it; it is not in your back yard." When we had police houses and police stations in those areas, the police were part of the community; they lived it, and contact between the community and the police was that much stronger.

David T.C. Davies: The hon. Gentleman makes a number of excellent points, with which I thoroughly agree, although he may not necessarily welcome my saying so. Does he agree that it was not simply a matter of police living in the community in police houses, as there was also a stronger sense of morality, particularly in those valley communities that he and I love so well? There was a strong sense of morality, but for many reasons, sadly, it is disappearing.

Mr. Dai Davies: I fully agree with the hon. Gentleman. The influence of parents and grandparents has significantly weakened over the past 25 or 30 years. I recently spoke to a head teacher who told me that the problem with our communities now is that we have children having children. There is no influence around to teach that moral aspect of our society; it is a very important point.

Finally, I want to touch on the issue of "perceived crime". Whenever we speak to the police about problems in our areas, they say, "Oh, yes, but it is only perceived; you only think you have a problem." Well, when Mrs. Davies or Mrs. Jones in my constituency—they are 80 years of age—have stones thrown at their window, they are not simply perceiving it; they are feeling it and worrying about it. In some respects, they are terrified to leave their homes. We need to take that much more seriously, not simply brush it under the carpet.

The relationship between the police and our communities is vital to us all. This Bill is a start, but many parts of it need to be strengthened and looked at in greater depth. I look forward to Third Reading.

8.31 pm

Mr. Andy Slaughter (Ealing, Acton and Shepherd's Bush) (Lab): I generally welcome the Bill and commend much of it, including parts 2 and 3. It is perhaps a shame that Opposition Members have spoken against the clauses on prostitution and, indeed, some of the clauses relating to the control of binge drinking and alcohol abuse. Like my hon. Friends the Members for City of Durham (Dr. Blackman-Woods) and for Stourbridge (Lynda Waltho), I am going to concentrate in the brief time I have available on the proposals relating to lap dancing in clause 25, as the number of such clubs has mushroomed in recent years and caused difficulties for a great number of hon. Members in their constituencies.

The reclassification of lap-dancing or pole-dancing clubs as sex encounter venues is a very welcome step. Since the Licensing Act 2003, the number of such clubs is estimated to have doubled approximately to about 300. It is fair to say that that was an unintended consequence of the legislation, which effectively disenfranchised local communities and made it extremely difficult for licences to be withheld from those establishments.

That was brought home to me very keenly towards the end of last year in respect of an application for such a club in the west Kensington area—an area that I represented for about 20 years as a councillor and hope, following boundary changes at the next election, to represent again as an MP. It is an issue that has affected many areas in London and, indeed, outside it. In this case, a notorious establishment called the Fox tavern was bought by a company rather luridly called Passion Nights, which had no previous experience of running such places. It sought to open it as a lap-dancing club for up to 600 people with a large number of private booths and other insalubrious trappings that go along with such institutions. Needless to say, like many of these establishments, it was to be located in a densely populated residential area, with all that one expects to go with it in the way of schools, community facilities and so forth. It does not take much imagination to realise that that club would entirely change the character of that area. Despite that rather obvious fact, the experience of a number of my hon. Friends elsewhere has shown how difficult it is under existing legislation to challenge such licences. In those circumstances, one must try to prove a hypothesis: one must try to prove that something will happen for which there is clearly no current evidence, because the establishment is not currently there, and the criteria for refusal of licences are extremely narrow and not directed at the nuisances that residents usually expect such establishments to cause.

Fortunately, things have gone reasonably well thus far in this case, but that is entirely due to the fact that within 10 days of its becoming common knowledge that the application was being submitted, more than 25 per cent. of all residents in the catchment area had signed petitions and presented the local authority with over 1,000 objections to the club's opening. Owing to the quality of those submissions and the organisation involved—I know that a great deal of organisation was involved, because I gave evidence at the licensing hearing—the authority refused the application. It was one of very few applications that were refused.

However, the matter does not end there. Next month there will be an appeal in the magistrates court, and I strongly suspect that even if the residents win again, the matter will proceed to the High Court, because the people who have the estimated £2 million needed to develop such a project have deep enough pockets to exceed, in the legal process, whatever the residents can come up with.

[Mr. Andy Slaughter]

The clause is good news. I say that not only because of my own reading of it, but because organisations such as Object and the Fawcett Society—which have campaigned nationally on the subject—generally welcome it, and believe that it will do the trick when it comes to new licences. Some of my hon. Friends have already mentioned the caveats, so I will not go over the ground again. There is, however, an opportunity for temporary or occasional licences.

Two matters concern me particularly, given my own experience. First, I want to know how transitional provisions will be dealt with. We understand that they will be dealt with by means of a statutory instrument, but it would be helpful if—perhaps not today, but certainly in Committee—the Minister could give some indication of how the Government expect existing licences, and the process of renewal and challenge of those licences, to be dealt with. Given the mushrooming of facilities of this kind over the last five years, the problem clearly does not relate only to new licences dating from the time of enactment.

The second issue, which I think has already been covered by my hon. Friend the Member for City of Durham, is the issue of choice. There is an adopted rather than a mandatory provision here. Indeed, it is a double adopted provision, because it constitutes an amendment to schedule 3 of the Local Government (Miscellaneous Provisions) Act 1982. There will be a "postcode lottery" effect. There will, I suspect, be displacement between authorities, some being less robust and some being more robust, and there is likely to be a substantial delay while authorities take advice and decide whether to adopt the new legislation. I ask my hon. Friend the Minister to look at that issue again, and to consider particularly the matter of transitional provision. Notwithstanding that caveat, however, the legislation is very welcome.

I did not intend to say anything particularly partisan, but I am afraid that the door was opened by the newly appointed shadow Home Secretary, the hon. Member for Epsom and Ewell (Chris Grayling). Perhaps it was his enthusiasm for his new job that gave him the temerity to claim credit for the Conservative party for coming up with these ideas. That, I think, is simply churlish. I think that credit should be given where it is due. The Conservative party's record on this issue is actually very bad, whether we view it at national or at local level.

Because she is a very modest person, my hon. Friend the Member for Stourbridge did not mention the fact that she and my hon. Friend the Member for City of Durham had conducted a co-ordinated campaign, including an early-day motion which, when I last saw it, had attracted 119 signatures in the last Session. Four were from Conservative Members. That is how much the Conservative party cared at that stage. Conservative Members' support in debates raising the issue, and their support for the ten-minute Bill, were singularly lacking. I am glad to note that residents' pressure has belatedly brought them to the table to support this recommendation, but I think it would be rather better for them to give credit to the people who have pursued the agenda over the last two to three years than to try, in a rather tawdry way, to claim the credit now.

Last year the Under-Secretary of State for Culture, Media and Sport, my hon. Friend the Member for Bradford, South (Mr. Sutcliffe), wrote to all local authorities asking whether they had any concerns. My Conservative council wrote back, saying that the current restrictions

"appear to be working well and are therefore not a problem".

There is a degree of complacency in that statement. My hon. Friend the Member for Stourbridge made a good point, even though it was jeered by Opposition Members. There are lurid examples of Conservatives and their organisations not simply not opposing institutions of this kind, but giving support to them in a rather childish and schoolboyish way.

I hope that the Conservative party has learned its lesson on this matter. I hope this provision will be toughened, and that it will not be subjected to the same sort of parsimonious comments that we have heard so far about the rest of the Bill. On that basis, I hope that the Bill will make progress and that the specific provision on lap-dancing clubs will be strengthened.

8.40 pm

Mrs. Nadine Dorries (Mid-Bedfordshire) (Con): I wish to speak first on part 1 of the Bill, but only briefly because I am sure that my hon. Friend the Member for Harwich (Mr. Carswell) will do it justice when he is called to speak.

The Government have missed a huge opportunity to be bold and to go the full way to having elected police commissioners. Instead, they have proposed the direct election of some members of police authorities, which is a cop-out. I am unsure precisely how that will work in practice, but people will elect members to various police authorities, and that will generate no interest or excitement. I cannot see in my mind people pouring out of their homes to go to the polling booths to vote for members of a locally elected police authority, because it will not be accountable. The police commissioner would have been accountable and such accountability would have been an exciting development. It would have been great if people could have gone to the polls to vote not only for their MPs and local councillors, but for the police commissioner as well. Let us imagine that after such a vote crime had gone up in their area, they were unhappy with what had been happening on their streets and there was no visible policing; if, when the next election came around, they could point the finger at somebody and say, "That's your fault", they would go back into the polling booths to vote again in droves. Imagine the other advantages such as the prudence that would be applied to police budgets, and also in relation to how the budgets would be spent and the priorities adopted by the police commissioner—which I am sure would have mirrored those requested by the local residents.

That is what people want. Every area has different policing needs; every community knows what it wants in terms of policing. There was a chance to offer people the opportunity to vote for somebody who was visibly accountable and responsible for keeping their streets safe. It is a great shame that the Government have missed out on that huge opportunity—they have ducked out of it.

Turning to part 2 of the Bill, I wish to speak particularly about clauses 16 and 17. Clause 16 addresses orders under the Street Offences Act 1959 to do with

"loitering or soliciting for purposes of prostitution".

In effect, a court will order that prostitutes attend three meetings. This is a prime example of making bad law. Let me read out a passage:

> "The purpose of an order under subsection (2A) is to assist the offender…to—
>
> (a) address the causes of the conduct constituting the offence, and
>
> (b) find ways to cease engaging in such conduct in the future."

A named person is to carry that process out with the offender. I never thought I would stand up in this Chamber and find myself agreeing with the hon. Member for Oxford, West and Abingdon (Dr. Harris)—in fact, it is bizarre that I am doing so, and I will need to sit down for a minute or so after my speech to get over it. We have had prostitution since biblical times. One would think that after 2,000 years we would know how to accommodate such a profession within a civilised society. It is not possible to outlaw prostitution. It will not be possible by having three meetings with a prostitute to get them to change their mind about being involved in that career. It is not a matter of career choice; boys and girls do not say when asked in school what they want to do when they grow up, "I would like to be a prostitute." It is probably the only job where death is an unintended consequence.

David T.C. Davies: I hesitate to say this, but I met a prostitute in the House of Commons this morning and she surprised me by saying that many women did enjoy this work, found it quite well paid and actively chose to do it. That was a surprise to me, but it came straight from the horse's mouth, as it were.

Mrs. Dorries: I stand corrected, and I am sure that what my hon. Friend says is the case at certain levels. The people with whom I am concerned in respect of this Bill are those who are controlled, those who are exposed and those who end up in prostitution via a route of need. Such people might need to feed a drug habit, the need might result from a dire financial circumstance, they may have been pimped or they may be under the control of another. My hon. Friend is talking about people who have made an active choice to go into prostitution; they actively manage their own affairs very well, given that they have considered their choice and are intelligent enough to have been able to make that choice. I do not detract from that, but the Bill was another great opportunity to have provided access to health care services, a route away from danger and harm for prostitutes and a way of controlling prostitution that would have benefited the prostitutes themselves and society as a whole.

Instead, these provisions will mean that if a prostitute does not attend the three meetings with the named person, they will be fined or put in prison. Thus, a group of people whose job puts them in danger and criminalises them will be further criminalised by the Bill. This is bad law and it is a wasted opportunity. Prostitutes need better sexual health advice: they need to know about needle exchange programmes; about where they can get a constant supply of safe condoms; about how to protect themselves; and about how to operate in a way that will protect them and their families—including their children—who also have health needs. The Bill has done nothing to address that; these two clauses will further criminalise prostitutes and further expose a group of people who are already in danger.

I suppose that I should declare an interest by saying that I was a member of the Royal College of Nursing in my former life. The RCN has said:

> "The health issues experienced by sex workers have an impact over the long term for themselves and their children. The RCN has concerns that the measures promoted in Clause 16 and 17 of this Bill will not help men and women out of prostitution and fear that the measures in the Bill could actually lead to greater detention of some of the most vulnerable, stigmatised and marginalised people in society."

So it is not only me and my Conservative colleagues who feel that these are bad clauses, because the RCN does too. The Government are quick to cite the RCN when it supports what they are trying to do, so I hope that they will take its criticisms on board too.

The Government could have formalised what happens in a voluntary way at the moment; they could have formalised outreach services to help prostitutes and worked with the voluntary sector, which tries to get out on to the streets to work with prostitutes. The Bill could have provided a framework to assist those voluntary organisations in providing the access to health care and the assistance that prostitutes need, but it failed.

Clause 20 deals with closure orders. Nobody likes brothels to operate in residential areas or areas that contain schools, playgroups or children, and I know that sensitivities are involved, but I also know that all that will happen when a brothel is closed is that the prostitutes will be driven out on to the streets, where they will present a greater danger to themselves. They will not stop being prostitutes—they will not cease to work, to earn their income or to do what they are doing. They will just be driven out on to the streets. I fail to see the usefulness of closing down a brothel for three months and I fail to see what the provision aims to do. I hope that the Minister will be able to elaborate on what the Government hope to achieve. The Government might be trying to cease the business in a given area, but they will not succeed because brothels will just open up again a few months later. Again, all the Government are doing is exposing prostitutes to greater danger and greater health risks.

As was said before, no safety will be offered to such prostitutes—prostitutes will not be in a group, but will be out on their own on the streets. We know what happened in Ipswich; we know what has happened over and over again to prostitutes who are on the streets on their own. I would have though that the Government would have tried to stop that.

I believe that society needs to be protected from those things that its members do not want to happen in their residential areas. I am not saying that brothels should be allowed to exist wherever or whenever, but that prostitution exists and will always exist in a civilised society. We are not going to do anything with the Bill that will stop that. I support moving the emphasis towards the demand side of prostitution and the fact that when someone is buying sex, they will be committing an offence, but why should that happen only when the person is buying sex with somebody who is trafficked? All the arguments have been made on that subject, so I shall not reiterate them, but the best argument came from my hon. Friend the Member for Totnes (Mr. Steen). He said the girls quite often do not speak English and the purchasers quite often do not speak English. How on earth will the clause work?

8.51 pm

Tim Loughton (East Worthing and Shoreham) (Con): It is always a pleasure to follow my hon. Friend the Member for Mid-Bedfordshire (Mrs. Dorries), who always speaks good practical sense. That sense contrasted somewhat with the speech made by the Home Secretary in opening today's debate, in which she oozed complacency. The fact that the Bill is the 66th piece of police and justice legislation that we have had under this Government just shows how they confuse quantity with quality. As so many hon. Members have already said, we need to make existing laws work properly as they were intended to, and to make them work better, before we introduce yet more laws and regulations that, as we have just heard, might prove completely unworkable.

I shall make a few brief and probably disjointed comments on various aspects of the Bill that are not to do with prostitution—the subject that has exercised most hon. Members' minds this evening.

The selling of alcohol to children is a big problem, as we would all agree. It is particularly a problem in deprived areas. Some of the statistics have already been mentioned. A survey that appeared in *The Lancet* showed that 29 per cent. of disadvantaged children say that they drink to get drunk, 52 per cent. say that they get alcohol from the local shops and 42 per cent. start drinking before they are 13. Another survey produced last year by Liverpool John Moores university said that poor children were 45 per cent. more likely to be violent after drinking than children in affluent areas. The problem is very serious. I welcome measures that will genuinely tackle that problem, but, as I mentioned earlier, legislation and regulations alone will not solve every perceived social problem, and a large part of this problem is social.

The fact that the Government are making new penalties when the existing penalties have not even been used in the extreme, as we heard from my hon. Friend the Member for Woking (Mr. Malins), just shows that laws are not being allowed to work. I went out a little while ago on a test purchasing exercise with the local police. We went to pubs with two police cadets aged 15 and 16. One certainly did not look anything like 18, and the other was marginal. Four out of the five premises that we visited served those girls. In most cases they were served by the licensee himself or herself, not by some rookie 18-year-old barman. That is still happening, and it is happening because powers are not being used to ensure that those places are properly investigated and because the penalties are not sufficiently tough when people get caught. That is what we need to work on.

I am not just complaining about the amounts of alcohol being drunk, worrying though those amounts are, but about the fact that we have a mentality in this country that says that people have to go out and get completely bladdered, and to binge drink, for it to be worth doing and effective. We have to change that mentality. The Government have not helped by the fact that they have cut education programmes on drinking, on which they should have put more emphasis. We need to get people to respect alcohol, not to grow up abusing it.

The subject of mosquitoes is linked to alcohol and young people; it is not mentioned in the Bill, and it should be. For the benefit of those who do not know, I should explain that mosquitoes are high-pitched devices that can be heard only by children and young people, mostly under the age of 25. The devices are deeply insidious and discriminatory, and are produced by Compound Security Systems, a company whose managing director I met a little while ago. They have a range of 15 m and are attached to buildings, usually shops, to deter young people from congregating in an area. That is the wrong way to tackle the forms of antisocial behaviour that may or may not occur when young people congregate in groups.

The device is highly discriminatory because it affects only young people. I tried it on a work experience student from one of the local schools who was working in my office. When the device was switched on, we could hear nothing, but that poor chap went berserk because it is very powerful. It is also dangerous; it has been shown that it can have adverse effects on people suffering from tinnitus or autism.

What if we had invented a device that could be detected only by elderly people, or that affected only people with hearing aids or who used Zimmer frames? That would be terribly discriminatory and we would not stand for it, yet completely unregulated and unlicensed devices are available that can be targeted at young people, who in many cases are simply trying to get together to socialise.

David T.C. Davies: Does my hon. Friend welcome the approach copied from the continent that has been adopted in some London underground stations? Instead of a mosquito, classical music is played, which seems to have a similar effect on young people. Even if it does not encourage them to go away, at least they are getting some culture.

Tim Loughton: That idea is much less insidious than a high-pitched noise.

I still take issue over the fact that the device is discriminatory, because it is not just young people who commit antisocial offences. Furthermore, young people who happen to be sleeping in the proximity of one of those things can be kept awake. Will the Minister consider whether there should be some form of regulation for such devices? At present, they are available, through the company I mentioned and certain foreign companies, only to police authorities and local authorities. I am glad that my police authority in Sussex has stopped using them, as have many other authorities, but I gather that we are soon likely to be flooded with much cheaper devices from China, which will be available in DIY shops for any householder to put up in the vicinity of their house. That is deeply worrying.

My next point is about how we deal with young people and the media perceptions of them; 70 per cent. of media stories about young people are negative, dealing mostly with antisocial behaviour and crime. The Bill says little that is positive about young people. Clause 1 is about the duty of police authorities in relation to public accountability, and inserts in the Police Act 1996 the provision that police authorities when discharging their functions must have regard to the views of the public concerning policing. How will that affect children and young people?

Whenever we go to public meetings organised by the police, the usual suspects are there, and they usually get up and say, "It's all down to young people running riot in my community." Under the Bill, the police must have particular regard to the policing priorities that come up in such consultation exercises, so can the Minister reassure me by telling me which provisions will take account of the feelings and wishes of children and young people? They are equally entitled to decent policing. They form 20 per cent. of the population and, as we have seen from the Government's youth crime action plan, suffer a high instance of being victims of crime. How will the proposals in the Bill reflect and protect the particular requirements of children and young people?

There are provisions on the selling and procuring of alcohol for young people, but I want to make a couple of other quick points. The first is about gangs. We all know that we have a problem with gangs—often in our inner cities—who have access to knives, guns and drugs. I am glad that the Government have taken a number of measures, within those 66 pieces of legislation, to increase the penalties and clamp down on that, but what I hear in our inner cities is that those gangs are using younger children to act as the carriers of guns, knives and drugs. They are recruiting those younger children, who are known as soldiers. Courts are more lenient with younger children, so the gangs recruit them to do their dirty work. Many people might appreciate it if inciting a child to commit a crime resulted in a stiffer penalty than undertaking the crime itself. That is another thought that the Minister might consider. Again, too many people are cleverly getting round the law, and we need to close off all those possibilities for people to flout the law.

The Minister would expect me to make one last point about cannabis cafés. One clause deals with closure orders for brothels, and we should have easier ways to put closure orders on cannabis cafés. I have waxed lyrical about the cannabis café in my constituency, which is still functioning, but a trial is pending, so I will not go into my constituency case in detail. However, when a premises is masquerading as a café, offering office space, when it has a reinforced roof, concrete-filled tyres in rows to reinforce its perimeter, razor wire around the premises, concrete bollards and height gantries to restrict vehicle entry, when it has no planning permission for a change of use, when it has had no health and safety inspections and no disability access requirements, and is not paying business rates, should that place be in business? Yet it is flouting the law, sticking two fingers up at the law and causing people in a residential area mayhem and misery. How on earth can a business that claims to be an innocent café or renter of office space justify needing such fortifications to go about its business?

The Minister for Security, Counter-Terrorism, Crime and Policing (Mr. Vernon Coaker): The hon. Gentleman has raised that case on a number of occasions. So that I do not lose this in my response, I want to say now that I think that I have just written to him to say that the Under-Secretary of State for the Home Department, my hon. Friend the Member for Tynemouth (Mr. Campbell) will meet him in the hope of discussing a way forward with regard to the problem that he has had with that café. That problem has troubled me, as well as him. I hope that that is helpful.

Tim Loughton: I am grateful to the Minister; he has given me a bit of injury time, so that I can finish my story. He has been responsive to these problems, but that place has been going for more than 18 months, and it continues to get round the law. We all know that that is ridiculous. We all know that criminal activity is going on there. We all know that such places have been raided countless times by the police, using heavy equipment. We all know that they have constantly burning stoves, where incriminating substances are quickly inserted if there is any raid.

If we can come up with closure orders for brothels—they will be difficult to enforce, but the Bill attempts to find a way to do that—surely, we need to consider how to enforce closure orders for other unsavoury premises that are wreaking havoc and misery in residential communities, whether in my constituency or others, and can apparently get round the law and all the health and safety requirements that any hon. Member who hoped to set up a business would have to comply with. I ask whether the Bill could be a vehicle for the Minister to produce such legislation. I appreciate that I have a meeting with his colleague to try to further that, but my constituents' patience is certainly being exercised to the full. If any crumb of comfort can come from this legislation, there will be dancing in the streets of Lancing in my constituency. I hope very much that the Minister will take that on board.

9.3 pm

Mr. Douglas Carswell (Harwich) (Con): I am deeply disappointed that the Bill does not contain measures that would genuinely give local people a say over policing where they live. Clause 1 will impose a statutory requirement for police authorities to take into account the public's views on crime and policing. That is a far cry from having directly elected police authorities—an idea that Ministers were toying with. Let us imagine that Parliament had a statutory requirement to take into account the views of the electorate instead of holding elections to decide who sits here. That is the difference between what the Green Paper promised and what is in the Bill.

It is difficult to see how clause 1 will lead to much change. It certainly does not enable local people to hold a single individual to account for how effectively, or otherwise, their community is policed. Rather than empower local people, clause 2 does the precise opposite. Instead of the people deciding who runs the police, the decision will be left to yet another quango—the police senior appointments panel, whose members will be appointed centrally by the Home Secretary. It is not merely that the Bill is not localist; it is centralising.

Clauses 10 to 12 further diminish the local discretion of local police forces. Rather than allow locally accountable police forces freedom to run their affairs, the Bill extends the power of Home Office officials to micro-manage local police practice and procedure. The system of police accountability that we have today is a product of the tripartite system established under the Police Act 1964, and of its steady erosion under Governments of both parties in the years since. Police authorities, which are supposed to represent and supervise the police, have become weak, ineffectual and subject to the whim of Home Office target setters.

Far from being vehicles for democratic scrutiny, local police authorities are all too often anonymous quangos made up of local worthies. Few people know that their police authority even exists, let alone who sits on it. The

[Mr. Douglas Carswell]

Chairman of the Home Affairs Committee, the right hon. Member for Leicester, East (Keith Vaz), seemed to imply that that was somehow a shortcoming of the people. In fact, it shows what is inevitable when police authorities are appointed rather than elected.

Far from holding chief constables to account, police authority members all too often see it as their job to support their chief constable when there are attacks on his or her performance. Chief constables certainly do not seem to regard police authorities as bodies that exist to set their agendas or priorities. Do not take my word for it; take the word of former chief constable Andy Hayman, writing in *The Times*:

> "When I was a chief constable, I regularly called my police authority chairman to appraise him of sensitive operations. He would occasionally seek clarification but the last thing I expected was for him to question...whether the operation was appropriate."

Thus to some chief constables, even to be questioned by the people's representatives is objectionable. Police authorities are a great forum in which to have tea and biscuits with the chief constable; they are not the forum for setting out, in no uncertain terms, what the local community expects of their police. I use the term "their police" deliberately, because as Robert Peel understood:

> "The police are the public and the public are the police".

Without proper local accountability and local democratic legitimacy, the police are increasingly losing the confidence of the public. Without local accountability, there is less local legitimacy, and there is alienation between the police and the public. Again, do not take my word for it; take the word of the Government's own Home Office adviser, Louise Casey. She recently spoke of the collapse of trust in the criminal justice system. The Government's former respect tsar is right to be concerned about surveys that show that only one third of people still have great confidence in the police.

Conspicuously absent from the Bill are measures to allow for direct election to police authorities. Bold reform and localism have been defeated by the Sir Humphrey Appleby types. On 18 December, in the pages of *The Guardian* rather than in this House, the Home Secretary revealed that plans to make the police more accountable to local communities through direct elections had been abandoned owing to pressure from senior officers. Also cited were fears of local police falling under the control of political extremists or single-issue campaigners. Ten seconds of reflection show that it is nonsense to argue that we cannot have directly elected police chiefs for fear of the British National party. Surely that is an argument against electing people to run local councils—or, indeed, against elections to Parliament. People could vote for extremists, but overwhelmingly they do not.

As for the fear that a single-issue group might take control, do we mean single-issue groups such as those that want to lower crime, or groups of citizens who want a more robust approach to crime and violence where they live? I do not think that the Home Secretary really believes that those are valid reasons for not having elected police chiefs. I believe that she has bottled it because she has been lobbied by powerful vested interests—by the Association of Chief Police Officers, the Local Government Association and the Association of Police Authorities. Indeed, I believe that one of her predecessors as Home Secretary, the right hon. Member for Sheffield, Brightside (Mr. Blunkett), said as much in an earlier question. We know that the Association of Police Authorities has used public money and part of its Home Office funding to engage a lobbyist to lobby the Home Office. Thus does the quango state use public money to lobby itself. So much for the LGA's belief in localism.

Others suggest that policing needs to be left to the experts—the same experts, presumably, who presided over a massive hike in crime and violence, and who for years told us that high-visibility policing was a waste of resources. We all like the idea of the expert—the disinterested technocrat who can rise above the pressures of demagogic politics. The trouble is that no such person exists. If by the "expert" we mean someone who has spent their whole life and career in a particular profession, those are the last people we should put in charge of invigilating the measure.

It is precisely the demand that we should let the professionals get on with things that has brought us to the present pass. Leaving things to the experts was what we did with child protection in Haringey. In lobbying against localism, the Association of Chief Police Officers, the Local Government Association and police authorities argued that directly elected police chiefs would politicise the police, yet it would be perfectly possible to have directly elected justice commissioners, for example, overseeing local police without compromising in any way local forces' operational independence. Saying that policing would be politicised by the direct election of police authorities ignores the fact that in a democratic free society, the way in which we are policed is a matter that should be subject to democratic control. If it is not, why on earth do we talk about policing in our election manifestos?

Policing has gradually become politicised, yet our political process and system have not adapted or kept pace to allow democratic scrutiny of matters that should be decided by local people. There has been no shortage in the Chamber of Home Secretaries or Ministers talking about the need to make our criminal justice system work, or of Westminster insiders talking about the need to be tough on crime. The trouble is talk is all that it is. Without the direct election of police authorities, those we elect remain powerless to fight crime. We can fight elections with lots of talk about fighting crime, but unless we have directly elected justice commissioners, policing will remain almost entirely beyond democratic control.

Faced with yet more ritualistic promises, round about the time of an election, of more police and more action on law and order, but never seeing much change, it is no surprise that more and more voters have given up on the whole charade. Instead of real accountability, the Home Office has talked the language of localism but has applied corporatism. Crime and disorder partnerships and community panels are bogus measures that are really examples of corporatism. We need local democratic control.

Policing is already politicised. Police chiefs lobbied me in the House about identity cards, and they lobbied us about 42-day detention. The other week, at the instigation of Home Office officials, they arrested a member of the Opposition for revealing truths about immigration that the Government wanted to keep under wraps. The issue is not "Do we politicise policing?" but whether there is to be any democratic accountability of policing and whether the police remain under the control of the quango state. This Bill entrenches the power of the quangos.

9.12 pm

David T.C. Davies (Monmouth) (Con): Before turning to clause 13, may I reiterate the comments of many hon. Members who agree—in fact, everyone does so—that trafficking in human beings for any purpose is evil, and who recognise that those evil people must be stamped out and put behind bars? I commend the Government, because over the past few years, there has been greater awareness of that evil trade, of which many of us were ignorant five, six or 10 years ago. It is now very much in everyone's mind, and the Government have tried to ensure that when traffickers are caught, tough sentences are handed out. There are two problems. First, very few of them are caught and, secondly, despite the long sentences that are handed out, most of those people walk out free halfway through as a result of automatic early release, about which I should like to speak at length another time.

The problem with clause 13 is that it appears to have been drafted in the heat of the moment, rather than after a cold, hard look at the facts. The Minister talks about trying to reduce trafficking by stemming the demand, and about the financial incentive for traffickers to bring women into this country to offer sexual services. If that is the case, and if the Government believe that by going after prostitutes' clients they will stem that demand, they must answer the question that I have posed about child beggars. When I went to Europe and discussed trafficking with senior Europol officers a few months ago on behalf of the Select Committee on Home Affairs, they told me that, to a trafficker, a child beggar is worth more money than a female prostitute. They gave me rough figures—no one can be exact—and said that a child beggar was worth €100,000 a year to a trafficker, and a female prostitute was worth about €75,000 a year. They went on to say that, as a result, some towns in some parts of eastern Europe have practically been turned into baby factories where women produce children specifically so that they can be kidnapped, taken away to countries such as the United Kingdom and exploited as beggars and petty thieves. I am sure that the Minister will agree that that trade is equally disgusting.

Let us look at the measure logically. If we are to stem the demand for prostitution by going after prostitutes' clients, we should also take action to stem the even greater problem of child beggars. I have asked the question before: if we are to criminalise those who go to prostitutes, should we not also criminalise those who give money to child beggars? Those people are contributing to and causing a problem exactly as the clients of prostitutes are. I put the question directly to the Leader of the House when she gave evidence to the Home Affairs Committee. She wrote back a rather strange letter saying that one group of people were being philanthropic and the other were committing rape.

The first statement might be perfectly true; people who give money to child beggars are being naive, but I accept that their motives are honourable and in that sense they are being philanthropic. However, in most instances people who see prostitutes are not committing rape. If anyone has sex with a woman who has not given her consent—the definition under the law is perfectly clear—they can be charged as the law stands. This law is being brought in only because the men are not committing rape. The women are giving their consent; if they were not, the act of rape would be committed. I am sure that the hon. Member for Slough (Fiona Mactaggart) will understand that. It is because the act of consent is given and those men are not committing rape that the new law has to be introduced.

Fiona Mactaggart: Surely the consent must be freely given. I cite child prostitution, an example that the hon. Gentleman used. The child involved in the case to which I referred went back to the family responsible for trafficking and exploiting her because their control over her was so enormous. The same is true of trafficked women, who give their consent to sex because of the control and exploitation over them. The consent is not given freely; it is a product of the control that the women are under.

David T.C. Davies: If consent to a sexual act is not given freely, the act of rape is committed.

Fiona Mactaggart: No prosecutions have ever been made.

David T.C. Davies: Well, the law is already there to deal with the issue, as the hon. Lady knows.

The measure would ensure the prosecution of men who have had sex with a woman who appeared to them to have given her consent freely. The hon. Lady and Ministers have failed to answer the question of what in practice is the difference between giving money to a child beggar and perpetuating child trafficking for the purposes of begging, and giving money to a prostitute and perpetuating prostitution.

The fact is that this is bad law, and talk of strict liability will not make it any better. The hon. Lady gave the example of people who sell alcohol to underage children, but obviously shopkeepers can ask for valid ID and check it out. Somebody else gave the example of people running red lights, but we all know that when we drive past traffic lights, it is our responsibility to be sure that they are green; if we do not and we run a red light, we are to blame and can be prosecuted. There is no way in which a punter going to a prostitute can find out for certain whether she has been trafficked. If sex is apparently freely given, the client has to assume that the woman has not been trafficked.

It is no good the hon. Member for Slough talking about every act of prostitution being one of sexual exploitation. That is not what the prostitutes say. As I said to her earlier, this morning I met a very articulate lady; in fact, I assumed that she was a solicitor and did not at first realise that she worked in the sex industry as well as lobbying Members of Parliament. Her take was that many women work in the industry quite freely because the money and the job are good. She tells me that most of those whom she meets are perfectly nice and decent and that most who run brothels are also that. She even described one brothel as a happy family business. I have no way of knowing how representative she is, but her union is linked to the GMB, which has more links to the hon. Lady's party than to mine.

[David T.C. Davies]

What concerns me is that in going after the punters we will be going after the wrong people—it is the traffickers we should be targeting. If we start making it easy for the police to get prosecutions by going after clients, then they will go after clients and spend a lot of time trying to collate evidence about them. The clients themselves, who in many instances do report cases where they think that women are being abused, will not go to the police and certainly will not give evidence.

I would like the Government to answer these simple questions. Why have they done nothing about running a public information campaign to discourage people from giving money to child beggars and try to stop those activities? Why are they doing so little to prevent forced marriage, which is another form of trafficking whereby women are taken from one country to another to act as domestic and sexual slaves for people whom they have never even met before? While we are on the periphery of this subject, perhaps they could also explain why they have done nothing to enforce the law on female genital mutilation that they introduced in 2003, when lots of Members of Parliament made speeches saying that that disgusting practice must be stamped out. They encouraged the Metropolitan police to set up a unit to hunt down and seek out people who had perpetrated this disgusting crime, yet since then not one single person has been convicted and only one person has been investigated. I know that that is the case only because I had to make a case to the Information Commissioner to get the information out of the Metropolitan police, who did their damnedest to try to stop me from having any of it.

By all means, let the Government show their commitment—let us all show our commitment—to stamping out the evil act of human trafficking, but let us go about it in the right way. We should not criminalise men who seek prostitutes in the belief that they are perfectly willing to have sex, or criminalise prostitutes, some of whom, contrary to what the hon. Member for Slough may think, are perfectly happy with the jobs that they are doing, but go after the traffickers. We should discourage people from giving money to a woman who has obviously been coerced into sex or giving money to a child who has been taken from their home in eastern Europe, or somewhere else, and put out on to the streets of London. We should discourage people who are party to the fact that domestic slaves are brought into this country from some parts of the middle east and forced to work for little or nothing in the houses of very wealthy people from that part of the world. Those are the people the Minister should be tackling; if he did that, he would have support in all parts of the House.

9.22 pm

Mr. David Burrowes (Enfield, Southgate) (Con): It is a pleasure to follow my hon. Friend the Member for Monmouth (David T.C. Davies), who showed his characteristic passion for the issues that concern him. As usual, I declare an interest as a solicitor practising criminal law, albeit rarely.

It has been a particular delight to be here throughout the whole debate from beginning to end—a pleasure that I did not think that I would have earlier today when I was set to take part in a Delegated Legislation Committee to consider a hangover from previous legislation. We have already heard about the number of criminal justice Bills—66 and counting—that we have considered in recent years. One of those measures was the Criminal Justice and Police Act 2001, and the Committee was to consider a draft order extending penalty notices for disorder to a number of offences—the subject of my earlier intervention on the Home Secretary. The last-minute cancellation of that Committee because of the lack of consultation highlighted a running theme of the speeches that we have heard in this debate: the Government are legislating, and over-legislating, without proper consideration of the effects. There is a preponderance of increasing legislation and a reduction in public confidence in our police and justice system.

That is a matter that we could have highlighted in the Committee. Justice is being done on the cheap away from the courts and without recognition for victims. There is a problem in our communities arising from the lack of ownership, understanding and information as regards what happens in our justice system and about priorities for policing. The Government have tried to tackle that in part 1, but wholly inadequately. An opportunity has already been missed, and we need to address that in Committee. The provisions have fallen short of what is needed: directly elected police commissioners who can bring accountability to the communities that the police serve.

In the short time that I have, I would like to draw attention to part 3, which deals with alcohol misuse. Points have been raised about its provisions throughout the debate. The Government are, in many ways, legislating to deal with their own mistakes, not least the 24-hour licensing regime. During the first year of the regime, offences increased by 22 per cent. between 3 am and 6 am, and those involving serious violent crime increased by 25 per cent. A and E admissions for alcohol-related injuries increased by 26 per cent., and there were 1 million alcohol-related attacks last year. Not only in part 3, but throughout the Bill, there are provisions to correct mistakes in previous Government legislation. A running theme throughout many speeches, however, has been the lack of enforcement of existing legislation. Since 2004, only 32 people under 18 have been prosecuted for buying or attempting to buy alcohol, and in 2006 that figure was only eight.

I wish to spend my remaining minutes dealing with part 2, which deals with prostitution, and whose provisions have caused other Members concern. We should be in no doubt that for the most part prostitution involves exploitation and preying on the most vulnerable. While my hon. Friend the Member for Monmouth has met someone who is not in that category, the reality is that prostitution involves exploitation. The European average age for entry into prostitution is 14, and in this country, 75 per cent. of prostitutes enter prostitution before the age of 18. The facts about vulnerability speak for themselves. The Home Office's own figures refer to homelessness, living in care, debt and substance abuse. All are common experiences.

David T.C. Davies *rose*—

Mr. Burrowes: Unfortunately, given the limited time, I must carry on.

Those are the experiences of those entering prostitution, and research shows that many involved have suffered abuse or violence in the home. Some 85 per cent. report physical abuse and 45 per cent. report familial sexual abuse. I will refer to my own experience of prostitutes when in Haringey; I did not meet them on the streets, but in the magistrates courts. I recall going down to the cells in Highgate in the morning as a duty solicitor, and in a similar experience to that described by my hon. Friend the Member for Woking (Mr. Malins), seeing those prostitutes, who were, in the true sense of the word, pathetic. When I opened the hatch of the cell, I would see a prostitute who was damaged, vulnerable and plainly exploited. When they went before the magistrates, the magistrates were often embarrassed about what to do with them, saying "What do we do with them? We saw them last week and we saw them the week before. Well, we'll give them a token financial penalty." And off they go, but they come back week in, week out. Some might say that prostitutes have a choice and that they have a right to earn a living. Some do, but the majority have a desperate existence.

In the remaining time that I have, I would like to talk about what needs to be done to address these issues and make the changes that we all want. First, we cannot overstate the significant influence of drugs. The pimps, no doubt, want to make many women drug dependent in order to use them in prostitution. The prostitutes will then use drugs as a means of escape, and stay in prostitution in order to feed their habit. With 95 per cent. of street-based prostitutes on class A heroin, the statistics speak for themselves. Drugs have to be tackled, including by means beyond legislation, as other hon. Members have said.

Secondly, there is the question of danger. Many have said during this debate, with a smile on their face, that prostitution is the oldest profession, implying that it is going to be with us year in, year out, and that we just have to deal with it. I am not saying that it is within the power of the state simply to brush it away, but neither am I saying that the position is static and has not changed. We must recognise that demand has increased with regard to those in most danger—those who are being trafficked.

It is estimated that some 4,000 women in this country have been trafficked, and that 81 per cent. of prostitutes now come from overseas. That inevitably opens up the issue of trafficking. On 1 August, it will be the 175th anniversary of the release of all slaves in British colonies, thanks to the work of Sir Thomas Fowell Buxton and others. Now, in 2009, British men gather slaves to themselves each day—now sexual slaves—to do their bidding. We must ask ourselves whether there has been progress, and what needs to be done.

We certainly need to enforce current legislation better, because the number of convictions for trafficking is woefully low. Up to May 2008 it was at 84. Perhaps we must do better in introducing new legislation, and we must certainly examine clause 13 closely to decide whether it creates an ambiguity. Do we want to criminalise prostitution on the one hand while on the other hand saying that we wish to focus on those who are controlling it, gaining from it and trafficking? The concern is that we will not be able to deal with them properly.

We also need to examine clauses 16 and 17 carefully. They resurrect issues that the Minister for Security, Counter-Terrorism, Crime and Policing and I debated during the passage of the Criminal Justice and Immigration Act 2008, in relation to the practicality of rehabilitation orders. Will they really lead to people giving up prostitution, given the concerns about family breakdown, child abuse, domestic violence and debt? Will the three meetings, to take place within six months, really produce the desired result? Will there be compliance, rather than women being criminalised further with the prospect of imprisonment for breaches of an order? Will there be the resources that we all believe are needed to help people exit prostitution and to provide rehabilitation for them? Countries such as Norway and Sweden have those resources, but they do not exist in this country.

There are good intentions behind the Bill in some ways, but in many other ways it creates solutions to problems caused by the Government's own legislative failures. It is the symptom of a tired Government and the embers of a fading and dying Government.

9.31 pm

Mr. David Ruffley (Bury St. Edmunds) (Con): The Bill is a smorgasbord of measures that are sometimes worthy but not always well thought through. It is not the radical reform of our law and order system that the police, and the public whom they serve, need. The first 16 minutes of the Home Secretary's speech—I counted the minutes—were about measures, many real, many imagined, that are not even in the Bill.

The police do a difficult and often dangerous job on our behalf, and the Bill does not give them the additional tools that they need to do their job. The right hon. Member for Leicester, East (Keith Vaz), the Chairman of the Home Affairs Committee, agreed with me about that, saying that he hoped for a second Bill later this year to deliver some serious police reform. Members of the Home Secretary's own party say that, and they are right.

The Home Secretary gives us lectures about her criminal record—sorry, her crime record—that are, frankly, complacent. Violent crime is up by almost 80 per cent. under Labour, with 1,099 million violent crimes recorded in 2007-08 compared with just over 615,000 offences in 1998-99. Those are Home Office figures, shown in table 2.4 of its report "Crime in England and Wales 2007/08" of 17 July 2008, so we do not want any argument about the fact that the crime figures are up. Robbery is up by 27 per cent. under Labour and criminal damage by 18 per cent., and just over one in four crimes were detected by the police in 2007-08.

Why is all that coming about? It is partly to do with the fact that despite five red tape reviews under this Government we still have the unacceptable position that patrol officers spend less than 20 per cent. of their time on the beat. That is not good enough. That was one among many points that my hon. Friend the Member for North-West Norfolk (Mr. Bellingham) made.

Much reference has been made in the debate to the reform of the police senior appointments panel in part 1. It is necessary to reform that panel, to secure a higher quality of senior officers for appointment. It is totally unacceptable that there was only one candidate for the vacancy of chief constable of Lincolnshire. The same was true recently of Thames Valley police. As Conservative

[Mr. David Ruffley]

Members have pointed out, nothing in the relevant clauses will ensure that there is a better, higher-quality calibre of police.

Clauses 7 and 8 will make it easier for officers to tackle crimes that occur in areas where a collaboration agreement is in force. However, why does the Bill not tackle the real problem and reform the Regulation of Investigatory Powers Act 2000 to do away with the ridiculous requirement for an officer to fill in a form if he wants to surveille the house of a known, persistent burglar? The measure should do that.

It is clear from part 1 that Ministers have it in mind to ensure more collaboration to deliver, for example, better level 2 protective services. We agree about that. However, will the Home Secretary and her Ministers mandate collaboration? If they have a plan for that, they should tell the House today.

As we have heard, the Home Secretary bottled it when it came to introducing some form of elected representation to hold the police to account. She kicked the idea into the long grass, giving it to the right hon. Member for Sheffield, Brightside (Mr. Blunkett). Heaven knows when we will hear the results. The Cabinet Office's Casey review found in an independent survey that 68 per cent. of people agree or strongly agree that a person or persons should be elected by local people to hold the police to account on behalf of the community. As recently as November, the Home Secretary said that she was committed to

> "introducing a stronger link between those responsible for delivering policing and the public they serve."

Perhaps the Minister can tell us in his winding-up speech why the Government suddenly changed their mind and dropped their plans for improving police accountability.

A solitary clause is intended to improve accountability. It will add a statutory requirement to the Police Act 1996 for police authorities to take account of

> "the views of people in the authority's area".

Perhaps the Minister will explain how that significantly changes police authorities' current responsibilities. As my hon. Friend the Member for Harwich (Mr. Carswell) said in a powerful and typically trenchant speech, the Conservatives' solution, which the Minister would do well to adopt, is to replace the police authority with a police commissioner, who is directly elected by voters in a police force area every four years. A safeguard would be provided in a power of recall—a trigger whereby an elected commissioner who went off the rails before the four-year term ended could be recalled and the election rerun. We have also devised other safeguards.

In another typically trenchant contribution, my hon. Friend the Member for Mid-Bedfordshire (Mrs. Dorries) made it clear that the public want something simple from the Bill: a commissioner to whom they can complain if policing is going wrong and a mechanism to kick that commissioner out of office in the case of underperformance. What could be simpler? It is a tragedy that part 1 contains nothing comparable to that.

Part 2 drew many contributions about the sex industry and sex offences. To avoid doubt, let me say that we welcome making lap-dancing clubs subject to local licensing along the lines that the provisions set out.

Mr. Brooks Newmark (Braintree) (Con): My hon. Friend may not know that a lap-dancing club opened in Braintree, which—as he knows—is a genteel market town. Does he honestly believe that clause 25 will grant sufficient powers to stop lap-dancing clubs from opening in towns such as Braintree?

Mr. Ruffley: I believe that the intention is to deliver that result and we will explore the matter in detail to ensure that the wording achieves that effect.

There were many powerful contributions about part 2, and it will be incumbent on the Committee to study carefully the points that arose. The hon. Member for Slough (Fiona Mactaggart) made an impassioned and well-informed speech about enforcement. She believed that there would be no difficultly about enforcing clause 13. On the other hand, contributions from Conservative Members, such as that from my hon. Friend the Member for Woking (Mr. Malins), raised technical questions about the way in which enforcement would work.

What we do know, however, is that organisations tasked with helping vulnerable and trafficked women believe that there is a risk that some of the clauses, if they are not drafted properly and do not work satisfactorily, will drive sex workers further underground. We have to test those propositions in Committee. We also know what the head of the Metropolitan police's human trafficking unit said of the new offence:

> "I think that it is going to be…difficult to enforce"

in practice, but let us see how we can make it work. Outside bodies, including the UK Network of Sex Work Projects, also believe that the measures relating to the closure of brothels might restrict the ability of outreach organisations that work with sex workers to deliver them help and support. Issues of such huge importance will be tested in Committee, but the debate that we have had on the Floor of the House today has been extremely worth while in teasing some of them out.

However, there is a case for tougher border protection and control—there can be no substitute for that—to stop trafficking from happening in the first place. The Government have been insufficiently proactive in tackling human trafficking. After a delay of nine months in signing the European convention on action against trafficking, Home Office figures show that in 2007 there were only 17 convictions for trafficking for sexual exploitation. Would it not have been better to have clauses in the Bill to do what the Conservative Opposition have argued for long and hard for the past six to 12 months, which is to introduce a national border police to stop illegal weapons from coming to this country and to stop the illegal, disgusting and pernicious trafficking of human beings? That is what the Bill should contain. Sadly, it does not contain any such measures.

I am grateful for the contributions from my hon. Friends the Members for East Worthing and Shoreham (Tim Loughton) and for Enfield, Southgate (Mr. Burrowes). They made important points about how, despite the vast amount of legislation that we have seen to deal with alcohol-related offences in particular, it is clear that more offences and higher fines are not the way to tackle alcohol misuse and binge drinking, and all the attendant consequences. What we need, but what the Bill does not deliver, are measures to free up the police's time, in order to get them out of the station and back on the streets, so that they can deliver more effective policing of licensed premises and off-licences, get young people off the street and crack down on antisocial behaviour.

The Government had a huge opportunity in this Bill to propose serious measures to free up officers, so that they could get back on the street, and to give local people genuine power and a say over the kind of policing that they want in their communities. This Bill only shows a Government out of ideas. They will have to be out of office if serious law and order reform is ever to begin in this country.

9.43 pm

The Minister for Security, Counter-Terrorism, Crime and Policing (Mr. Vernon Coaker): I thank all the hon. Members, on both the Opposition and the Government Benches, who have contributed to what has been an exceptionally important and interesting debate, with particular reference to some of the difficult issues that we all want to address, especially those relating to sexual offending and sexual offences.

The Bill is a wide-ranging piece of legislation that covers much ground, including measures to improve the public's ability to have a voice in how they are policed, while also improving the framework for increasing the capacity and effectiveness of that policing. The Bill brings together the necessary powers and changes to empower people and their communities to improve the fight against the low-level crime and disorder affecting our local communities, particularly where the misuse of alcohol and the vice trade are involved, and to protect the most vulnerable in our communities, such as women and children. The Bill also links the international to the neighbourhood in the fight against crime, in particular by improving our tools to recover criminal assets. Most of all, it is a practical Bill, with practical applications, that will help us to build stronger, safer and more confident communities.

I join my right hon. Friend the Home Secretary and other hon. Members in welcoming the hon. Member for Epsom and Ewell (Chris Grayling) to his new position, and we look forward to the contribution that he will no doubt make to our discussions on the Bill. It was interesting to hear other Conservative Members, including the hon. Members for Harwich (Mr. Carswell) and for Mid-Bedfordshire (Mrs. Dorries), criticising the Government about local accountability and waxing lyrical about their own particular version of accountability, which, as those on the Conservative Front Bench no doubt know, would involve abolishing police authorities. That is a move that is extremely unpopular with local Conservative party members throughout the country.

We have introduced these measures because we were concerned about politicisation and about single-issue candidates being elected to those positions, but what is the response—*[Interruption.]* The hon. Member for Harwich tries to barrack me, and I am quite happy for him to do that, but perhaps he should listen to what the shadow Minister for policing, the hon. Member for Bury St. Edmunds (Mr. Ruffley), has said on this matter. When asked on "The World at One" about local accountability and about how this democratic scenario that the Conservatives believe to be important would work, he said that we should give power to local people, and let them vote for a police commissioner. He also said that in this country we do not go around saying that we cannot directly elect a mayor just because the British National party might get into power, and that we can re-run elections with the power of recall anyway. In other words, there would be an election for a police commissioner, and, if the Conservatives did not get the result that they wanted, they would re-run it. What sort of lunacy and idiocy is that? What sort of democracy is it, in which an election is held for a police commissioner and, if people do not like the result, they hold another one?

James Brokenshire (Hornchurch) (Con): It is a safeguard.

Mr. Coaker: It is called a safeguard—well, we will see what it is called, but I do not believe that that is the kind of democracy that the hon. Member for Harwich was talking about. So let us have a debate about accountability, and let us have a debate about how we can more properly ensure that the police are representative of their communities and take into account what they say. My right hon. Friend the Home Secretary has introduced sensible, proportionate proposals that will place on police authorities a duty to take the views of local people into account, and that will place on Her Majesty's inspectorate of constabulary a responsibility to inspect those police authorities to see whether they have done so.

The hon. Member for East Worthing and Shoreham (Tim Loughton) made an excellent point about police authorities having to ensure not only that they consult the people whom we might expect them to consult but that young people also have a voice in this regard. He was also right to say that, when HMIC inspects the police authorities, it should consider whether that consultation has been achieved. The hon. Gentleman has made an important point, and we should consider the matter.

It was also stated that we were doing nothing to reduce red tape and cut bureaucracy in a whole range of areas, but we are actually reducing the number of targets in policing. Alongside the Bill, there is a range of measures on crime mapping, on the single confidence target, and on reducing bureaucracy. All this is happening alongside the policing pledge, and it is happening irrespective of what is in the Bill, because we do not need a Bill to achieve those things. Alongside the Bill, real reform and real changes are taking place.

My right hon. Friend the Member for Leicester, East (Keith Vaz), the Chairman of the Home Affairs Select Committee, made some important points about alcohol. There is no doubt that many of us enjoy alcohol and find that it adds to our evening out. There is also no doubt, however, that alcohol causes considerable problems and a considerable amount of violence in our society. That is why the Government are looking to see what more they can do, particularly with respect to young people. That is also why we are introducing new offences to tackle some of the problems that young people have with alcohol—a new offence of persistent possession of alcohol in a public place; a new offence that will enable the police, if necessary, to direct young people between the ages of 10 to 15 to leave an establishment; and new measures to allow us to take tougher action against retailers who persistently sell alcohol to young people.

Keith Vaz: I am sorry to return to the theme that I explored with the Home Secretary earlier. What the Government are doing to deal with retailers is absolutely right, but the fact remains that supermarkets provide alcohol very cheaply. As a result of their promotions, young people are going in and buying alcohol. It may well be that the supermarkets are complying with the code, but the availability of cheap alcohol is the real problem. What are we going to do about that?

Mr. Coaker: I was about to mention to my right hon. Friend that the Bill also contains an enabling power that allows us to establish a mandatory code for the sale of alcohol, which will tackle the problem of irresponsible promotions. It will deal not only with the on-trade, but with the off-trade, and it might well enable us to tackle some of my right hon. Friend's concerns about promotions in supermarkets, which are often linked to price. As I say, the Bill will help us to tackle some of the alcohol abuse that we see around us.

Ms Keeble: Will the Minister conduct an extensive consultation so that the public and the different organisations that feel very strongly about this matter can comment on and contribute to the code?

Mr. Coaker: I can tell my hon. Friend, who made an earlier contribution to the debate, that we intend to conduct extensive consultation on what should be included in the conditions—not only those in a mandatory national set of conditions, but those that local authorities will be able to choose.

Alongside the debate on accountability, policing and alcohol, we had an impassioned debate about sexual offending and the new strict liability offence in respect of prostitution. Let me first commend my hon. Friend the Member for Slough (Fiona Mactaggart): whether or not Members agree with her—some will not—many will have recognised the power of her speech. I thought that she made an excellent speech, which made an enormous contribution to our debate, as I hope those who disagreed with it would also accept.

Just over a year ago, my right hon. Friend the Home Secretary asked me to conduct a six-month review into the whole demand side of prostitution. In connection with that, I visited Sweden, where I saw legislation at work that makes paying for sex a criminal offence, full stop. I heard the evidence from that country relating to the concern—it was raised in another context by the hon. Member for Eastleigh (Chris Huhne)—that the legislation had driven prostitution underground. That was a real worry, as was the applicability of the same law to this country.

We also went to Amsterdam. I say to hon. Members in all sincerity that if they think that the legalisation of prostitution is the answer to tackling the exploitation that we see, they should go there and see the trafficking that takes place alongside legalised brothels; they should see the serious and organised crime that takes place alongside legal brothels; and they should also see the exploitation. The idea that legalisation or decriminalisation somehow provides a magic wand that ends exploitation and abuse or stops trafficking is simply not the case. I brought that evidence back from Amsterdam.

We were left, therefore, with a public policy conundrum. To be fair to the hon. Member for Bury St. Edmunds, I note that Opposition Front Benchers have not expressed outright opposition to the measure, but have merely said that they wish to examine the arguments for it. I am pleased about that, because this is a serious public policy debate.

For too long, the onus of dealing with prostitution has been placed entirely on the woman. Prostitution has been regarded as a female problem that women ought to sort out for themselves, and the responsibility of men has been neglected or, indeed, ignored. My right hon. Friend the Home Secretary asked me to look into what responsibility men have in this regard. What we are trying to do, through the strict liability offence, is make clear that those who purchase sex have a responsibility to consider—*not always*, but *generally*—the position of the women from whom they are purchasing *it*. That means that men will no longer be able to act with impunity, with total disregard for the position of the women from whom they are buying sex.

Let me issue a challenge. There are those who say that this is a step too far, or that this is an offence for which people cannot be prosecuted. What measures would they introduce to impose on men a responsibility that they have ignored for centuries? Very little is said about that.

Paul Holmes (Chesterfield) (LD): Can the Minister explain why, having examined the policies of a number of countries, the Government alighted on that of Finland, where no successful prosecution has been made in the two to two and a half years since the policy was introduced?

Mr. Coaker: We think that that policy offers us the best way of encouraging men to accept the responsibility that they should exercise when deciding whether to purchase sex.

I congratulate my hon. Friends the Members for City of Durham (Dr. Blackman-Woods) and for Stourbridge (Lynda Waltho), and other Members on both sides of the House, on their work in tackling the issue of lap dancing. There is no doubt that amending the Acts under which lap-dancing clubs are licensed will give local communities more of a say in where such clubs can and should be positioned.

I will consider the points raised by my hon. Friend the Member for Ealing, Acton and Shepherd's Bush (Mr. Slaughter) about temporary licensing and some of the other "postcode" issues, and will try to establish whether we need to take any action.

The hon. Member for Bury St. Edmunds raised the issue of collaboration. As he will know, the Bill contains a power—it is not secret—to make collaboration mandatory if it is considered necessary and in the best interests of policing. The mergers debate has gone away, but the debate on the reason for it—the need for greater collaboration between police forces to enable them to tackle serious and organised crime—has not gone away. The hon. Gentleman accused us of running out of ideas, but the Bill seeks to address some of the collaboration issues that must be addressed if we are to tackle some of the serious and organised crimes that are being committed in our country.

The Bill contains other important and valuable measures relating to airport policing, sex offenders and the proceeds of crime, and I commend it to the House.

Question put and agreed to.

Bill accordingly read a Second time.

POLICING AND CRIME BILL (PROGRAMME)

Motion made, and Question put forthwith (Standing Order No. 83A(7)),

That the following provisions shall apply to the Policing and Crime Bill:

Committal

1. The Bill shall be committed to a Public Bill Committee.

Proceedings in Public Bill Committee

2. Proceedings in the Public Bill Committee shall (so far as not previously concluded) be brought to a conclusion on Thursday 26 February 2009.

3. The Public Bill Committee shall have leave to sit twice on the first day on which it meets.

Consideration and Third Reading

4. Proceedings on consideration shall (so far as not previously concluded) be brought to a conclusion one hour before the moment of interruption on the day on which those proceedings are commenced.

5. Proceedings on Third Reading shall (so far as not previously concluded) be brought to a conclusion at the moment of interruption on that day.

6. Standing Order No. 83B (Programming committees) shall not apply to proceedings on consideration and Third Reading.

Other proceedings

7. Any other proceedings on the Bill (including any proceedings on consideration of Lords Amendments or on any further messages from the Lords) may be programmed.—*(Ms Diana R. Johnson.)*

Question agreed to.

POLICING AND CRIME BILL (MONEY)

Queen's Recommendation signified.

Motion made, and Question put forthwith (Standing Order No. 52(1)(a)),

That, for the purposes of any Act resulting from the Policing and Crime Bill, it is expedient to authorise the payment out of money provided by Parliament of—

(1) any expenditure incurred by virtue of the Act by a Minister of the Crown or government department, and

(2) any increase attributable to the Act in the sums payable by virtue of any other Act out of money so provided.—*(Ms Diana R. Johnson.)*

Question agreed to.

POLICING AND CRIME BILL (WAYS AND MEANS)

Motion made, and Question put forthwith (Standing Order No. 52(1)(a)),

That, for the purposes of any Act resulting from the Policing and Crime Bill, it is expedient to authorise—

(1) members of staff of the Serious Organised Crime Agency being treated, in relation to their duties outside the United Kingdom, as having overseas Crown employment for certain tax purposes,

(2) the imposition of fees in connection with monitoring arrangements or criminal records, and

(3) payments into the Consolidated Fund.—*(Ms Diana R. Johnson.)*

Question agreed to.

BUSINESS OF THE HOUSE

Motion made, and Question put forthwith (Standing Order No. 15),

That, at this day's sitting, the Second Reading of the Corporation Tax Bill may be proceeded with, though opposed, until any hour.—*(Ms Diana R. Johnson.)*

Question agreed to.

DEFERRED DIVISIONS

Motion made, and Question put forthwith (Standing Order No. 41A(3)),

That, at this day's sitting, Standing Order No. 41A (Deferred divisions) shall not apply to the Motions in the name of Angela Eagle relating to Excise.—*(Ms Diana R. Johnson.)*

Question agreed to.

Business without Debate

CORPORATION TAX BILL

Motion made, and Question put forthwith (Standing Order No. 90(5)), That the Bill be now read a Second time.

Question agreed to.

Bill accordingly read a Second time; to stand committed to the Joint Committee on Tax Law Rewrite Bills (Standing Order No. 60(6)).

CORPORATION TAX BILL (WAYS AND MEANS)

Motion made, and Question put forthwith (Standing Order No. 52(1)(a)),

That, for the purposes of any Act resulting from the Corporation Tax Bill, it is expedient to authorise any incidental or consequential charges to tax which may arise from any of the provisions of the Act.—*(Ms Diana R. Johnson.)*

Question agreed to.

DELEGATED LEGISLATION

Motion made, and Question put forthwith, (Standing Order No. 118(6)),

EXCISE

That the Excise Duties (Surcharges or Rebates) (Hydrocarbon Oils etc.) (Revocation) Order 2008 (S.I., 2008, No. 3018), dated 24 November 2008, a copy of which was laid before this House on 24 November, in the previous Session of Parliament, be approved.—*(Ms Diana R. Johnson.)*

Question agreed to.

Motion made, and Question put forthwith (Standing Order No. 118(6)),

EXCISE

That the Alcoholic Liquor Duties (Surcharges) and Tobacco Products Duty Order 2008 (S.I., 2008, No. 3026), dated 24 November 2008, a copy of which was laid before this House on 24 November, in the previous Session of Parliament, be approved.—*(Ms Diana R. Johnson.)*

Question agreed to.

Motion made, and Question put forthwith (Standing Order No. 118(6)),

EXCISE

That the Alcoholic Liquor (Surcharge on Spirits Duty) Order 2008 (S.I., 2008, No. 3062), dated 26 November 2008, a copy of which was laid before this House on 26 November, in the previous Session of Parliament, be approved.—*(Ms Diana R. Johnson.)*

Question agreed to

Motion made, and Question put forthwith (Standing Order No. 118(6)),

VALUE ADDED TAX

That the Travellers' Allowances (Amendment) Order 2008 (S.I., 2008, No. 3058), dated 28 November 2008, a copy of which was laid before this House on 28 November, be approved.—*(Ms Diana R. Johnson.)*

Question agreed to.

Motion made, and Question put forthwith (Standing Order No. 118(6)),

NORTHERN IRELAND

That the draft Northern Ireland Assembly (Elections) (Amendment) Order 2009, which was laid before this House on 3 December, be approved.—*(Ms Diana R. Johnson.)*

The Speaker's opinion as to the decision of the Question being challenged, the Division was deferred until Wednesday 21 January (Standing Order No. 41A)

COMMITTEES

BUSINESS AND ENTERPRISE

Ordered,

That Mr Mike Weir be discharged from the Business and Enterprise Committee and Lembit Öpik be added.—*(Rosemary McKenna, on behalf of the Committee of Selection.)*

Mr. Speaker: With the leave of the House, we will take motions 13 to 16 together.

DEFENCE

Ordered,

That Mr Kevan Jones be discharged from the Defence Committee and Mrs Madeleine Moon be added.

INTERNATIONAL DEVELOPMENT

That Ann McKechin and Sir Robert Smith be discharged from the International Development Committee and Mr Mark Hendrick and Andrew Stunell be added.

PROCEDURE

That Rosemary McKenna be discharged from the Procedure Committee and Sir Peter Soulsby be added.

TRANSPORT

That Clive Efford be discharged from the Transport Committee and Ms Angela C. Smith and Sir Peter Soulsby be added.—*(Rosemary McKenna, on behalf of the Committee of Selection.)*

ENERGY AND CLIMATE CHANGE

Ordered,

That Mr David Anderson, Colin Challen, Mrs Nadine Dorries, Charles Hendry, Miss Julie Kirkbride, Anne Main, Judy Mallaber, Mr Elliot Morley, John Robertson, Sir Robert Smith, Paddy Tipping, Dr Desmond Turner, Mr Mike Weir and Dr Alan Whitehead be members of the Energy and Climate Change Committee.—*(Rosemary McKenna, on behalf of the Committee of Selection.)*

PETITIONS

Northern Rock

10.2 pm

Mr. David Anderson (Blaydon) (Lab): I wish to present a petition on behalf of Ian Surtees and 46 constituents of Blaydon, who have made the reasonable request that the Government look again at the way in which, and the level at which, Northern Rock was valued at nationalisation, and who call on the Government to reconsider the terms of reference given to the valuer.

The petition states:

The Petition of small shareholders and supporters of Northern Rock of the Blaydon constituency in the North East of England,

Declares that it welcomes the acknowledgement by the Government that it must pay compensation for nationalising Northern Rock plc, but that the terms of reference for the valuation of the shares are wrongly based as the company was not in administration and was still a 'going concern'.

Further declares that if these terms are unchanged there will not be a fair compensation payment which will lead to many in our region having their savings and pensions undermined which in turn will have a negative impact on the North East's economy.

The Petitioners therefore request that the House of Commons calls on the Government to reconsider the terms of reference given to the valuer so that he can fully reflect the true value of Northern Rock shares.

And the Petitioners remain, etc.

[P000306]

10.3 pm

Dr. Roberta Blackman-Woods (City of Durham) (Lab): I rise to present a petition on behalf of E. A. Smith and a further 85 constituents. It is a petition of small Northern Rock shareholders and supporters in Durham and they are asking the Government to reconsider the terms of reference given to the valuer so he can reflect the true value of Northern Rock shares when deciding compensation levels.

The petition states:

The Petition of small shareholders and supporters of Northern Rock of the City of Durham constituency in the North East of England,

Declares that it welcomes the acknowledgement by the Government that it must pay compensation for nationalising Northern Rock plc, but that the terms of reference for the valuation of the shares are wrongly based as the company was not in administration and was still a 'going concern'.

Further declares that if these terms are unchanged there will not be a fair compensation payment which will lead to many in our region having their savings and pensions undermined which in turn will have a negative impact on the North East's economy.

The Petitioners therefore request that the House of Commons calls on the Government to reconsider the terms of reference given to the valuer so that he can fully reflect the true value of Northern Rock shares.

And the Petitioners remain, etc.

[P000309]

Port of Liverpool (Business Rates)

Motion made, and Question proposed, That this House do now adjourn.—*(Ms Diana R. Johnson.)*

10.3 pm

Mrs. Louise Ellman (Liverpool, Riverside) (Lab/Co-op): I am pleased to have the opportunity to hold today's Adjournment debate. I seek to persuade the Government to take urgent action to prevent closures, redundancies and loss of investment in companies in the port of Liverpool, which could threaten the city's regeneration. I know that a similar situation exists in other statutory ports in England and Wales.

Mr. Frank Field (Birkenhead) (Lab): I congratulate my hon. Friend on securing this debate. Might she allow me to register the fact that this matter affects not just Liverpool and Birkenhead, but ports in other parts of the country?

Mrs. Ellman: Yes, it also affects ports such as Hull and Grimsby. The problems arise because of mistakes made by the Government's Valuation Office Agency, part of HM Revenue and Customs. The mistakes are particularly significant because of the current unprecedented economic crisis.

I thank Mersey Maritime and the Mersey Dock Rating Group for drawing my attention to this important issue. The problems relate to failings by the VOA in carrying out the change from prescriptive to conventional rating for businesses in the 55 statutory ports, and in its ports review; there was no effective communication with businesses.

The changes, to be implemented from 1 April 2005, required the VOA to conduct detailed assessments of hereditaments in every port, and they involved significant redistribution of rates from port operators to companies. That resulted in some companies being rated for the first time. It was not until September 2008—three and a half years later—that the VOA started to instruct local authorities to issue vastly increased backdated rates bills. The bills were backdated over three and a half years, and the demands could not have been anticipated or budgeted for by the companies concerned. Where rates had previously been paid to port operators with the rent, it meant double billing. No impact assessment of the change was made.

Mr. Julian Brazier (Canterbury) (Con): The hon. Lady has been a vigorous campaigner in this area. Will she confirm that the really shameful aspect is that the companies had not been warned while they were negotiating their rents that the change in rates was to take place?

Mrs. Ellman: Indeed, there was a lack of communication with the businesses concerned.

The situation contrasts with that in Scotland, where proper consultation was followed by a self-financing transitional scheme. The success of the port of Liverpool is a key part of Liverpool's regeneration. The port is the No. 1 gateway for UK-USA business and it handles 32.5 per cent. of container trade to the USA. The Merseyside maritime sector has 1,000 companies, employing 26,000 people and generating £2.6 billion in economic output. Local authorities are being asked to levy large and often disputed bills for 2008-09, together with the massive backdated accounts. The result could be business closures, redundancies and loss of investment.

Distribution companies can switch their operations to other ports, using road or rail to complete their journeys. The annual rateable value of the relevant part of the port of Liverpool was about £16 million before the new system; that will now rise to £16.75 million. There were 43 hereditaments—units of rateable occupation in the port—before the revaluation, but afterwards the figure rose to 127. The real problem has arisen because £10 million of that £16.7 million of rateable value has been redistributed to a group of 70 companies who had no knowledge of what was happening and therefore could not plan for it, and the bill has been backdated over three and half years.

Shona McIsaac (Cleethorpes) (Lab): My hon. Friend rightly points out that 70 firms in her area are affected by these changes. Is she aware of the estimate that some 700 companies nationally are being affected by these changes? Does she feel that, given the gravity of the situation, it is shocking that not one Opposition Front Bencher is here to listen to these concerns?

Mr. Speaker: Order. That is out of order. This is an Adjournment debate, and only those who are interested in the business are required to attend; no requirement is made of any Opposition Front Bencher.

Mrs. Ellman: I am concentrating on the port of Liverpool, but I am aware that this is a national issue.

Mr. Brazier: On a point of order, Mr. Speaker. I apologise to the hon. Lady for interrupting, but I must point out that I am the Conservative spokesman on shipping.

Mr. Speaker: Well, there we are then.

Mrs. Ellman: Faced with the situation that I have described, two stevedoring companies in Liverpool have already closed, with the loss of 27 jobs. A major company faces a 400 per cent. rates increase, with a demand for £2.6 million-worth of backdated liability. One company has received a final demand for £500,000 for 2008-09 and, six weeks after lodging an unanswered appeal, is considering its future. That is the tip of the iceberg. Liverpool's regeneration is threatened. Members of Parliament from Liverpool and other ports have lobbied Ministers, including my right hon. Friend the Minister for Local Government and the Prime Minister. I am pleased to see in the Chamber this evening many of the MPs who have made representations to Ministers. The Treasury Committee has also considered the issue. Recently, port businesses from all over the country lobbied MPs at a well-attended House of Commons reception.

The Government have responded, but their proposal to spread the backdated element over eight years under still unspecified conditions does not resolve the problem. Companies must show how they can meet their liabilities, and anticipating eight years ahead is made particularly problematic by the economic downturn. Companies could not have known about the nature and size of their bills, so could not have incorporated them into their business plans. They cannot do so retrospectively, and it is therefore wrong for the Government to seek retrospective payment from companies that have no way of recouping the cost.

Mr. Austin Mitchell (Great Grimsby) (Lab): Although I will not comment on the absence of anybody from the Opposition Front Bench, I remind my hon. Friend that she is surrounded by the intellectual flower and beauty of Humberside en masse. The principle is the same. It is iniquitous, wrong, unfair and unreasonable to demand three and a half years' back payments from companies that were not billed for those rates until 2008. They are being asked to pay them right back to 2005. I hope that my right hon. Friend the Minister will devote some attention to that. Is it moral, fair or reasonable to charge those back payments?

Mrs. Ellman: I support my hon. Friend's comments, and I look forward to the Minister's response in due course.

Mr. Ian Cawsey (Brigg and Goole) (Lab): Does my hon. Friend agree that another issue needs to be taken into account? Not only are the bills retrospective, but most of the companies think that they have already paid, because they were paying a fee to the port operator—Associated British Ports, or ABP, in Goole's case and across the Humber ports. Much of the Government's case on the subject of giving time and revaluing was based on the fact that those companies should seek recompense from ABP and the other port operators. That is simply not going to happen, so the Government's case is flawed and needs to be reviewed as quickly as possible.

Mrs. Ellman: I support those comments, too. Indeed, it is not justice for companies to be double-billed and asked to pay twice. That is one of the key elements of the problem.

I support the call for the Government to prescribe the rateable value of premises in the ports concerned at the values set out in the rating list published on 1 April 2005, and to maintain those values until 1 April 2010—the next rating review period. That would address the problem of the backdated bills and the huge unanticipated increases, and would also give an opportunity for proper consultation. It would be ironic if the Government, who are doing so much to support businesses in these unprecedented international circumstances, played a part in risking jobs and investment in the ports through the failings of their agency.

As my hon. Friend the Member for Cleethorpes (Shona McIsaac) said, it is estimated that nationally nearly 700 businesses and 30,000 jobs could be affected. I call on my right hon. Friend the Minister to take urgent action. I recognise what he has done, but for the reasons that I have set out, it does not go far enough. I advocate that further action is a matter of business survival, and a question of justice.

10.14 pm

The Minister for Local Government (John Healey): I congratulate my hon. Friend the Member for Liverpool, Riverside (Mrs. Ellman) on securing the debate and on expressing concerns on behalf of businesses in her constituency in the port of Liverpool. As is shown by the interest of my hon. Friends behind her on the Labour Benches, concerns are clearly felt in some other ports among businesses that operate successfully and, particularly over the past decade, have been part of a strong renaissance in our shipping trade and ports industries.

My hon. Friend raised a number of important points and, in a fair and balanced way, reflected the concerns of port businesses, from which I, too, have heard directly. She and colleagues have raised the matter directly with me and with Treasury Ministers. As she said, they have also raised it with my right hon. Friend the Prime Minister.

The impact of the review of rating in ports has not necessarily been uniform and has certainly not caused universal problems, even if it has been generally unwelcome—as any fresh tax liability always is. Some companies certainly believe that the impact could be severe; equally, however, other companies are settling not just their new bills but their backdated bills, in full. I have had reports from some local authorities that companies are beginning to discuss a negotiated schedule of payments, taking advantage of the announcement that my right hon. Friend the Chancellor made in the pre-Budget report in November.

Since that announcement almost two months ago, a relatively small number of companies has taken advantage of the special fast-track system that the Valuation Office Agency put in place to deal with inquiries or appeals. Across England and Wales, the VOA has had only 150 inquiries from port businesses since the PBR and only 65 appeals have been lodged. When the number of port businesses affected in the way my hon. Friend explained is 564 in England alone, I have to say that although there are grounds for serious concerns—I shall come to the way in which the Government are trying to help deal with them—the system is not necessarily causing universal problems for all businesses in all ports that have been put on the ratings list for the first time.

Mr. Cawsey: Will my right hon. Friend give way?

John Healey: I shall give way only once, because I owe our hon. Friend the Member for Liverpool, Riverside the courtesy of as full a reply as I can give her.

Mr. Cawsey: Our hon. Friend the Member for Liverpool, Riverside was very generous in giving our right hon. Friend the Minister additional time to reply.

On my right hon. Friend's point about fast-track appeals to the VOA, at least one company in my constituency—RMS, a big company in Goole which operates out of other Humber ports, too—tried to take that route but found the VOA completely unhelpful, so much so that I intervened on the company's behalf and received a letter from the VOA that could have been written in Swahili from all I could understand. I now have to chair a meeting between the VOA and the companies to try to get things back on course. Surely, the Minister cannot have confidence that the fast-track system is resolving the problem in any way, shape or form.

John Healey: I am not saying that it has resolved the problem, but it is an important part of trying to deal with the problems that may be experienced by particular companies. My hon. Friend has been one of the strongest advocates of port companies, not just in his own constituency. If he has particular problems with the VOA not carrying out the undertaking on the fast-track system that it gave me and I gave the House, I should like the details and I will certainly take the matter up for him and any companies experiencing such problems.

We are dealing with two separate problems, and in trying to explain them to my hon. Friend the Member for Liverpool, Riverside, I hope to be able to explain why the sort of solution that she seeks will be difficult, if not impossible, to put in place. The first issue is the move away from the prescribed rating system for statutory port operators. My hon. Friend said that the VOA had made mistakes in undertaking that move. I do not entirely accept that, although it is fair to say that the VOA took too long to prepare the assessment for the new valuation list.

The prescribed rating system for large statutory docks and harbours until 31 March 2005 was a method whereby the valuation was determined by reference to a formula set by the Secretary of State, drawing on the income and expenditure of the port operators. In other words, it was not based on the way in which rateable value was established for all other businesses with the valuation list, which is based on the rents that could be charged for those properties. The Government's decision to end that prescription formed part of a long-term policy to apply conventional valuation across all businesses and industry sectors and to do so fairly and consistently. We first consulted on that in December 2000. We consulted again on a White Paper in December 2001, and we introduced legislation in the Local Government Act 2003. In other words, the move away from the proscribed formula system was a long time in coming.

There are 55 ports and container terminals in England and Wales, each of which is run by a designated port operator who has responsibility for business rates, except where any part falls to be separately rated. The need for separate rating will depend on the facts of the case, but the key issue is whether the occupier of that separate part or premises within the port precincts is in paramount control.

I have been told that, as my hon. Friend has argued this evening in the Chamber, a simple solution to the problems caused by the review of rating in the ports would be to return to prescription. I am afraid that that is not the case. The reason is that, even if we were to return to prescription, the properties that are now separately identified as liable for business rates would none the less continue to be separately rated, because that is what the business rates legislation requires. The formula could and only ever did apply to the valuation of the port's operator, not to the businesses that she rightly and understandably is concerned about tonight.

The second issue—this is where the difficulties have been created—was the VOA's review of ports. That began when it became clear that some properties in Southampton port should have been separately rated but were included instead in the port operator's assessment under the formula for the 2005 rating list. In other words, the review was separate from the move away from prescription and pursued by the VOA, as part of its statutory duty to maintain an accurate and up-to-date valuation list. It was challenged at the time in court. So it was only in May 2006—once the Southampton case was settled the month before, thus confirming the status of some of those port tenants and the VOA's approach to valuing them—that the VOA started its review of the 55 major ports in England and Wales.

To be clear, when the VOA becomes aware that change is needed, such as in the ports, it is its legal duty to make the alteration to the ratings list and to specify when that listing should take place. If the property existed before the beginning of the valuation list—in other words, from 1 April 2005—and arguably should have been separately rated before then, the VOA has no legal alternative other than to make the effective date 1 April 2005, from the beginning of that list. To do otherwise would require primary legislation. We simply do not have the power to change that by regulation.

Effectively, the review has increased the number of properties separately assessed for business rates in ports from 1,616 to 2,180—an extra 564 properties in England. In the meantime, the rateable value of some port operators has been reduced significantly, particularly in some places. In Liverpool, the rateable value for the port operator has been reduced to less than half of the previous rateable value; in Grimsby it has been reduced to almost a third, in Hull to around a third, and in Goole to less than a quarter of the previous rateable value. Across England and Wales, the port operators' rateable value has been reduced by a total of £44 million. At the same time, the changes to the separately assessed properties have raised the total rateable value by £53 million, so the net increase in the rateable value across the ports is just over 4 per cent., taking it from around £200 million to about £209 million. However, as I accepted before the Treasury Committee, and before my hon. Friends, that disguises some big shifts in a small number of ports, about which my hon. Friends are concerned.

Mrs. Ellman: May I remind my right hon. Friend that in the port of Liverpool, the change has been concentrated on 70 companies, which now face major financial problems? We are seeking an equitable solution to that problem.

John Healey: Precisely so. The information that I was able to give the Treasury Committee is that the number of properties separately assessed within the port of Liverpool is now 91. I know from direct discussions with some of those port businesses, their lobby groups and my hon. Friends that there are two perceived unfairnesses. First, as my hon. Friends the Members for Liverpool, Riverside and for Great Grimsby (Mr. Mitchell) said, there are large backdated liabilities, and companies argue that they could not have made business provision to cover the costs of those liabilities.

Secondly, companies believe that they have already been making payments on business rates as part of their contractual fee to the port operator. I have to say to my hon. Friends that I have seen only one contract with any reference to business rates, and that is ambiguous. In other words, the contract does not explicitly say that where the property is not separately listed, the port operator will pay the relevant rates and recover them from the occupier. That being said, in my view, port companies that legitimately believe that they have contributed towards rates by means of payments made through the cumulo or through fees to the port operator should take the matter up with the operator. That is a private contractual matter, and I think that my hon. Friend the Member for Liverpool, Riverside would accept that it is not possible—

Mr. Austin Mitchell: Will my right hon. Friend give way on that point?

John Healey: I have given way; I want to finish my response to my hon. Friend the Member for Liverpool, Riverside.

Mr. Mitchell *rose—*

John Healey: If my hon. Friend wants to seek an Adjournment debate, I shall be happy to turn up to the House and answer him as well. *[Interruption.]*

Mr. Speaker: Order. The Minister is not giving way.

John Healey: First, I have not seen any hard evidence that the arrangement is that rates are part of the fees. Secondly, where there is such an arrangement, it is a private contractual matter that the port businesses must take up with operators.

On backdating, as I have tried to explain, neither the Valuation Office Agency nor Ministers have the discretion simply to waive the backdated liability to taxation. Even if we were persuaded of the case for doing so, Ministers would have to come to the House to seek primary legislation to give us the power to waive taxation.

Mr. Austin Mitchell: Do it!

Mr. Speaker: Order.

John Healey: Finally, I accept that now that the full facts are available as a result of the review, the tax liability has been established in the cases in question. We cannot undo what has been established. As I made clear from the start, we are concerned about the potential impact of backdated rates liabilities, particularly on the trading prospects of businesses in the current economic conditions. That is why the Chancellor announced in his pre-Budget report in November that we will legislate to give qualifying businesses the facility to pay their backdated liability for previous years in equal, interest-free instalments over eight years. I have already written to bidding authorities in England confirming that, and I will write to them again shortly with precise details of the way in which the scheme will operate and what the qualifying criteria will be. That will enable council officials to begin the process of negotiating and putting in place payment options with affected ratepayers. *[Interruption.]* We will put the regulations before the House.

On the question of accounts, I have taken advice from experts in the Insolvency Service. I will write to my hon. Friend the Member for Liverpool, Riverside and other hon. Friends who have participated in this debate. It is clear that the implications will depend on the individual circumstances of the businesses involved, but I think that I can give my hon. Friend an indication that it should not necessarily drive businesses into insolvency.

In the end, we face a situation in which those companies in the ports are legally liable for tax. As is the case for any other business, it is right that they should pay what is due, but it is right, too, for us to make special, unprecedented arrangements to allow them to pay in the longer term, which is more affordable, thus protecting them in this period of economic difficulty.

Question put and agreed to.

10.30 pm

House adjourned.

House of Commons

Tuesday 20 January 2009

The House met at half-past Two o'clock

PRAYERS

[MR. SPEAKER *in the Chair*]

Oral Answers to Questions

COMMUNITIES AND LOCAL GOVERNMENT

The Secretary of State was asked—

Public Transport (Rural Areas)

1. **Robert Key** (Salisbury) (Con): Whether her policy on community engagement and empowerment takes account of public transport provision in rural areas. [248939]

The Parliamentary Under-Secretary of State for Communities and Local Government (Mr. Sadiq Khan): Before I answer the question, may I congratulate and welcome the new members of the Opposition Front-Bench team and wish well those who have gone to pastures new and less green?

The answer to the hon. Gentleman is yes. The White Paper, "Communities in control", shifts power and influence to citizens and communities across the whole range of public services. In engaging local communities, public bodies need to take account of transport provision and ensure that everyone has fair access.

Robert Key: That is very good news. The problem is that local authorities provide or subsidise transport in the case of school transport, youth services, social services, bus subsidies, car share schemes and over-60s free bus travel; the NHS provides ambulances, hospital car services and hospital patient transport; and Royal Mail provides for 50,000 people a year travelling in their post buses—we have so much ad hocery that it is time for a Government strategy. At the moment, the poorest in our communities always suffer, particularly in large rural areas. I would like this issue to be pushed down to local authority level at the same time as having a coherent strategy and working out the cost of not having a coherent and sustainable transport policy.

Mr. Khan: The hon. Gentleman has raised a lot of important and serious points. One of the reasons why we are passionate about community engagement and participation is that it improves a service. We need to see in rural communities the same levels of engagement that there are in urban communities. That will lead to improved transport systems. It is for local authorities to decide what bus services to support in their area according to local needs and priorities. In that regard, the hon. Gentleman will welcome the increased investment that there has been this year, as in the past 11 years, for local authorities.

David Taylor (North-West Leicestershire) (Lab/Co-op): The Department's report some time ago found that phoney consultation was a significant source of distrust among the electorate at large. When people travel a great distance to make their views known to a particular public body, it is very frustrating if they feel that such bodies are only going through the motions. How can the Government prevent charges that they sometimes have phoney consultations and do not listen to the overwhelming results that flood back?

Mr. Khan: Obviously, we are all against phoney consultation. We must be clear that consultation does not always mean that stakeholders who respond will have their views heard. However, my hon. Friend raises an important point. We must not see a façade where an impression is created that citizens are being consulted, because that only leads them up the garden path and they become more frustrated when services do not improve and meet their desires and needs. We are obviously against that sort of consultation, and if he has any examples to give us we will ensure that we take on board seriously the concerns that he has raised.

Local Involvement Networks

2. **Mr. Richard Bacon** (South Norfolk) (Con): What discussions she has had with the Secretary of State for Health on mechanisms to ensure that local authorities with social care responsibilities use funding allocated for local involvement networks for that purpose. [248940]

The Minister for Local Government (John Healey): Health Ministers and we agree that it is for local authorities to decide how to use the funding that we have given them for local involvement networks. However, they have a clear legal duty to establish LINks and to support their work.

Mr. Bacon: I am grateful to the Minister for that reply. However, does he agree that, although it may be for local authorities to make those decisions, they are not all doing so with equal expedition and efficiency? Some networks remain to be set up, and some local authorities are providing an excellent service such as that in Norfolk while others are charging whacking great management fees yet not providing an adequate service. Does he think that there is a role for central Government in taking another look at this?

John Healey: I think that I was clear in my first answer that having provided £84 million from the Department of Health in order for local authorities to be responsible for ensuring that LINks are set up locally to give service users, residents and citizens a greater influence over health and social care services, it is right to let them get on and do that job. Every LINk will have to produce an annual report to the Secretary of State for Health. That annual report will have to identify how much money it is receiving, so if any local authority were tempted to take a slice as a management fee, that practice would become clear—and, I am sure, be discouraged—as LINks get up and running fully.

Mr. Gordon Prentice (Pendle) (Lab): Why is it taking so long to set up LINks, to follow on from the point made by the hon. Member for South Norfolk (Mr. Bacon)? In Lancashire, we have been without any patient representation for more than a year now, and the nascent, embryonic LINk is going out to consultation again. Why can Lancashire county council and the Government not just talk about the problems that are delaying the formation of this important new body?

John Healey: The first thing to say is that LINks were established only last year through the Local Government and Public Involvement act in Health Act 2007. Money was available for local authorities to start their work in ensuring that those were set up properly from April last year. Every local authority has a clear legal duty to ensure that they are established. If my hon. Friend feels that his local authority is falling short in that legal duty, I encourage him to let me have the details, and I and my hon. Friends in the Department of Health will look into the matter.

Small Business Rate Relief

3. **Mr. David Heathcoat-Amory** (Wells) (Con): Question No. 2—[Hon. Members: "Three."]

What recent representations she has received on the rate at which small businesses receive relief from business rates. [248941]

The Secretary of State for Communities and Local Government (Hazel Blears): It is very important that we get our numbers right in this debate. I have not received any recent specific representations on the rate of small business rate relief.

Mr. Heathcoat-Amory: May I make one, then? If the right hon. Lady wishes to give an across-the-board boost to the economy in a recession, will she consider dramatically increasing the rate of small business relief, and will she fund it by abolishing the useless and wasteful regional development agencies? They do absolutely nothing—certainly in the south-west—apart from looking after themselves and expanding the public sector. If she does that, I am sure that her colleagues in other Departments would agree that we may even see some green shoots in the economy next year, after we have won the election.

Hazel Blears: I am surprised that the right hon. Gentleman should be asking for an increase in small business rate relief. Perhaps he has a very short memory, but when the rate relief of 50 per cent. for small businesses was introduced in 2003, the Opposition voted against the Bill, and the Leader of the Opposition voted against it. Now we have a request for an increase. The right hon. Gentleman will recognise that the Government have done a huge amount to help small businesses in the current economic downturn, such as the small firms loan guarantee fund, the enterprise fund and the working capital fund. All of that stands in stark contrast to the attitude of the Opposition, which is to do nothing. If he thinks that the regional development agencies have done nothing to help, I suggest that he contact his regional development agency and look at the ways in which it has been able to sustain jobs and business in the current economic climate.

Mr. Adrian Bailey (West Bromwich, West) (Lab/Co-op): Business rates are, in some cases, a significant expense for small businesses. Given the current Government approach to corporation tax and VAT return, and the problems that some small businesses are suffering, will my right hon. Friend examine the possibility of a flexible approach to the collection of business rates?

Hazel Blears: My hon. Friend raises an important point, and we are constantly examining the ways in which we can help businesses get access to credit to meet their liabilities. We have introduced measures on prompt payment to try to increase cash flow for small businesses, which is important. Small business rate relief benefits just short of 400,000 firms, so they are getting extra help. The changes introduced in the pre-Budget report mean that someone setting up a small business can get rate relief in the year that they set it up, instead of having to be registered from 1 April. That will significantly help small businesses to cope with the demands from non-domestic rates. I understand my hon. Friend's point, but it is important that we continue to ensure that local authorities have the income they need to provide services. Nevertheless, we are constantly looking at ways in which we can help businesses.

Mr. Nigel Evans (Ribble Valley) (Con): The Secretary of State knows my constituency well, and sadly, last week, we heard the news that the Kaydee bookshop, which has been in operation for more than 60 years, is to close. She knows that 37 pubs a week are closing in this country, and I have heard of a couple of pubs that have closed their doors recently, perhaps for the last time. She knows that business rates could tip a marginal enterprise into closure. What more can she do, particularly at this time of recession, to ensure greater relief for small and medium-sized enterprises?

Mr. Andrew Love (Edmonton) (Lab/Co-op): Vote Labour.

Hazel Blears: My hon. Friend makes an excellent suggestion from a sedentary position.

The hon. Gentleman is rightly concerned about small businesses, and the campaign on pubs is a matter of general concern. However, it is a question of pubs not just in rural areas, but in some urban areas, too. Some rate relief is available, but I am concerned to ensure that those centres of the community are able to continue, and I am looking at some innovative ways to tackle that issue. We all know that many small firms are experiencing difficulty and the Government are putting in place some measures—I read out some of them earlier—to ensure that they get access to finance, which is the overriding issue for small business at the moment. They need that finance on reasonable terms, and without interest rates being hiked up. That is at the centre of our concerns.

I say to the hon. Gentleman in the kindest way possible that this Government are focused on introducing a range of measures to help business, which stands in marked contrast to the Opposition, who would simply say, "There's nothing we can do." I do not think that that is good enough.

Mr. Lindsay Hoyle (Chorley) (Lab): We on the Labour Benches do welcome the rate relief that was brought in; it has been beneficial to small businesses. The question is whether we could extend it and give a little more—we know that the current figure is 50 per cent. Perhaps we could extend it to those medium-sized businesses that are also struggling, and put pressure on local authorities, which chase the money with great zeal and put businesses over the edge. Perhaps if they worked together, we could save businesses; that would be a common-sense approach. Any more help is always welcome.

Hazel Blears: My hon. Friend is renowned for his common sense and practicality. I assure him that we are constantly looking at ways in which we can help; we are not inflexible. If hon. Members look at the changes that we made to empty property relief in the pre-Budget report, they will see that we raised the threshold of rateable value from £2,200 to £15,000 because we received a lot of representations. We listened and we acted. That is evidence of the Government genuinely trying, in good faith, to do what they can to help businesses at this difficult time.

Peter Luff (Mid-Worcestershire) (Con): Whatever the past may hold, I think that we all now believe that small business rate relief was a very good idea. The problem is that only half the small businesses in England apply for it. In Scotland and Wales, the rate relief is given automatically. May I express the tentative hope that the Secretary of State will look sympathetically on my private Member's Bill, which is being introduced tomorrow? It will make small business rate relief automatic for small businesses, just as it is in the two other parts of Great Britain that I mentioned.

Hazel Blears: The word "Damascus" came to mind when the hon. Gentleman sought to draw a veil over the Conservatives' opposition to rate relief in the past. I am aware of his Bill. We wrote to local authorities in October last year, reminding them that it is their job to promote the scheme and encourage small businesses to make applications. I understand that my right hon. Friend the Minister for Local Government will meet the hon. Gentleman to discuss his private Member's Bill. It is important to note that the rate relief is designed for those small businesses that occupy only one property. We have to make sure that there are checks in the system so that we do not get applications from multiple property owners. However, I am pleased to facilitate that discussion.

Julia Goldsworthy (Falmouth and Camborne) (LD): The Secretary of State's Department has a very important job to do in supporting local small businesses through the credit crunch, not least because despite the billions thrown at the banks, the terms and charges for many small businesses locally are still being changed without any notice. The Secretary of State has given updated claim figures for small business rate relief, but many businesses still do not receive it. Will she give a clear indication of what her Department is doing to investigate making the entitlement automatic, so that businesses do not have to claim it, and will she also pursue making the payment terms more flexible, if it is possible for Her Majesty's Revenue and Customs to do that? What can the Secretary of State do to support local authorities in offering similar support?

Hazel Blears: I have responded on the issue of automatic payment. As I say, we will look at the private Member's Bill, but I want to make sure that the system has integrity and is very good. At the moment, the information about the small business rate relief scheme is sent out with the business rates bill. Perhaps there is more that local authorities can do to draw people's attention to that application, and we will pursue that. We certainly do not want to hide the relief; we want to maximise take-up, because we recognise the contribution that small businesses make.

Several hon. Members have made points about the terms of payment and whether we can be more flexible on that. Again, we do not close our minds on that issue, but I remind hon. Members that local authorities have to provide essential services to the community, and that is dependent on high rates of collection of both council tax and non-domestic rates. The money has to be found somewhere. Equally, I am conscious that we do not want to tip an otherwise viable business over the edge and so lose employment opportunities. It is all a balancing act, but we have to make sure that we maximise our income as well as supporting business.

Mrs. Caroline Spelman (Meriden) (Con): I thank the Under-Secretary of State for Communities and Local Government, the hon. Member for Tooting (Mr. Khan), for his warm welcome, and may I say to colleagues how nice it is to be back?

Business rates are set to rise by 5 per cent. in April, taking the average bill to £12,000 a year, yet today we heard that inflation has already fallen to 3.1 per cent., and the Government's pre-Budget report predicts deflation, with the retail prices index inflation plummeting to minus 2.25 per cent. this year. How can the Secretary of State justify an inflation-busting business rate at a time when so many businesses are fighting for their very survival?

Hazel Blears: I welcome the hon. Lady and the hon. Member for Putney (Justine Greening) to their posts. It is nice to see so many women on the Front Bench. I thoroughly enjoyed debating these issues with the hon. Lady's predecessor—I cannot for the life of me think why, but I did—and I have no doubt that we will enjoy such exchanges, too.

The hon. Lady may have been away from her current brief for some time, but the non-domestic rates system has not changed. It has always been tied to the assessment of inflation at a particular time in the cycle. She knows that it is essential to try to maximise the take from non-domestic rates, as I said to the hon. Member for Falmouth and Camborne (Julia Goldsworthy), in order to maintain the vital services that local government has to deliver to the communities out there. We all recognise that businesses and individuals are currently hard pressed, and we are doing everything that we can, including raising the reliefs on empty property taxes. The position on that has changed as a result of this Government's decision since the hon. Member for Meriden (Mrs. Spelman) previously had her current brief. We are flexible and willing to take whatever steps are necessary to help people through these times, which, as I have said, stands in marked contrast to the policy of the Opposition to do nothing.

Mrs. Spelman: I am sure that the right hon. Lady would agree with me, however, that one of the saddest features of this recession is the increase in the number of empty premises on the high street. Will she therefore confirm that, even with the tiny relief in the pre-Budget report, the new empty property business rates are still set to raise £700 million this year? Does she accept that that additional tax could well make the difference between a business getting by and a business going to the wall?

Hazel Blears: I am sure that the hon. Lady is aware that empty property in this country has been subject to taxes for 40 years or so. We are not talking about an innovation. In fact, the extra reliefs that have been introduced as a result of the pre-Budget report will give relief amounting to £205 million to businesses that would otherwise have to pay those taxes. That is not an inconsiderable sum and is a result of a decision made by this Government. She talks about inflation, but she will know that local authorities had to cope with the spike in fuel and energy prices. Although inflation is now coming down, they have had to cope with real volatility in the system. Therefore, it is important that business rates make their proper contribution to local services. Again, we are bringing forward a raft of measures, ranging from skills support, training and help for apprentices to support for small businesses, the enterprise guarantee system and the working capital system. Those are all innovative steps taken by this Government in the teeth of opposition from the Conservatives, who simply want to stand on the sidelines, wring their hands and do nothing to help people through this difficult period.

Home Information Packs

4. **Angela Watkinson** (Upminster) (Con): If she will use her powers under the Housing Act 2004 to suspend the requirement for sellers to provide home information packs. [249942]

The Minister for Housing (Margaret Beckett): We have no plans to suspend home information packs.

Angela Watkinson: Surely the Minister has realised by now that home information packs were a bad idea from the outset. Even when the housing market was buoyant, neither sellers nor buyers had the slightest interest in them. Now that the housing market is so stagnant that estate agents are going out of business, the Minister could take this opportunity to abolish the utterly superfluous home information packs without loss of face. Will she do that?

Margaret Beckett: First, let me say to the hon. Lady that the intention—and, indeed, the effect—of home information packs is to provide much needed information for consumers on the most important purchase of their lives. She talks as though home information packs have had no impact and no benefit, but 1.2 million such packs have been issued. They are the most simple way of getting information for that most important purchase. She may feel that it is not important to protect consumers; consumer representatives do not, and nor do the Government.

Mr. Clive Betts (Sheffield, Attercliffe) (Lab): Does my right hon. Friend agree that the problem in the housing market currently is not a shortage of people wanting to sell their homes—one just needs to see the number of estate agents' boards around the place—but a shortage of people able to afford houses and, in particular, of first-time buyers able to afford mortgages? Does she agree, therefore, that it would be completely counter-productive at this time to transfer costs from people who are desperate to sell to buyers, particularly first-time buyers, who are working at the very margins of affordability in seeking to buy a home?

Margaret Beckett: My hon. Friend is entirely right to say that the key to the housing market in many ways is the role of the first-time buyer, who will incur no such costs but to whom the packs can provide extremely useful information. We recognise that this information does not take a great deal of time to obtain or, in the context of a house purchase, involve a great deal of cost, yet it can make a big difference to consumers.

Anne Main (St. Albans) (Con): I pressed the Minister on this issue when she appeared before the Communities and Local Government Committee on 27 October. At that time, she estimated that £5 million had been spent on marketing the packs, to provide a benefit of only £30 per pack. I said that I was concerned that the packs were becoming outdated in a slack market, to which she said:

> "Of course that is an issue that we are looking at with the relevant authorities".

She accepted that it would be a problem in a slack market. What exactly has she done since then to ensure that the arrangements are not affected by the slack market?

Margaret Beckett: All I can say to the hon. Lady is that there is no evidence that this is a growing problem, and yes, of course we keep the matter under review; it would be unwise not to. However, while a house remains on the market, the same HIP can continue to be valid. Even if a house is taken off the market, the pack can be used again if the house is put back on the market within 12 months of the first day of marketing. So, in fact—*[Interruption.]* The hon. Lady makes a great deal of noise, but the consumer representatives share our view that this kind of information, on the biggest purchase that most people will ever make in their lives, is of real potential value and actual value. That remains our view.

Mr. Jim Devine (Livingston) (Lab): Will my right hon. Friend ensure that the packs contain information about factoring and land maintenance companies? I am the chairman of the all-party group on land maintenance, and I have been inundated with complaints from people throughout the United Kingdom who buy a house without realising that they will have to pay up to an additional £400 a year to a factoring company. Nor do they realise that, even if the company provides an inadequate service, they cannot get rid of it.

Margaret Beckett: My hon. Friend is right to identify the fact that, in many cases, people faced with making such a substantial purchase are looking for more information, rather than less.

Grant Shapps (Welwyn Hatfield) (Con): I am not convinced that the Minister really believes that home information packs are the right way forward. If they are so beneficial to the housing market, why was the former grace and favour residence of the right hon. Member for Sheffield, Brightside (Mr. Blunkett)—Government house in Pimlico—placed on the market by the Minister without a fully completed home information pack?

Margaret Beckett: Any property that is put on the market has to have a fully completed home information pack, and I am sure that that one will. I am not familiar with the case that the hon. Gentleman has mentioned, but I am sure that the law will be met by those who are placing that property on the market, as with any other. I would simply say to him what I have already said to his hon. Friends: this provision is of real potential benefit to consumers, and I wish I could say that it was untypical of the Conservatives not to share that concern.

Rob Marris (Wolverhampton, South-West) (Lab): Can my right hon. Friend tell me what evidence there is that home information packs have, in practice, saved people buying or selling houses any money whatever, or speeded up the process in any way?

Margaret Beckett: Yes, I can. In practice, the evidence shows that the average cost of searches has gone down by some £30, and there are examples of the cost coming down by as much as £120. There has also been some welcome, and expected, market-led innovation. For example, if, for whatever reason, a search needs to be refreshed, or a second search is needed, some estate agents are beginning to provide them free of charge. I assure my hon. Friend that there is an indication that, in some cases, the packs are speeding up sales. They are certainly giving valuable information and, as I have already said, they are reducing costs.

South-west Regional Spatial Strategy

6. **Mr. Laurence Robertson** (Tewkesbury) (Con): When she expects to make her response to the draft south-west regional spatial strategy. [illegible]

The Parliamentary Under-Secretary of State for Communities and Local Government (Mr. Iain Wright): The Secretary of State received about 35,000 responses from individuals and organisations to the consultation on her proposed changes to the south-west regional spatial strategy. This is the largest number ever received to such a consultation. My officials at the government office for the south-west are assessing the responses, and the Secretary of State will consider proposals for a revised timetable shortly.

Mr. Robertson: The Minister will be aware of a number of Adjournment debates secured by me and other hon. Members on this issue, in which he has been unable—following guidance, I am sure—to discuss the details. We are constantly told that Ministers cannot talk about the details of the regional spatial strategy. The Minister kindly agreed to a meeting with Gloucestershire MPs tomorrow, but said in an e-mail that he cannot discuss the content of the RSS, and cannot communicate the points raised at the meeting with decision-making Ministers because that would avoid new issues arising that might necessitate a further round of consultation. Surely Members of Parliament should be given the right to discuss with Ministers such an important issue that affects their constituencies. It is not just me who is pressing for this: hon. Members from different political parties across the south-west are very unhappy with the RSS. Surely we have a right to a proper discussion of it.

Mr. Wright: The hon. Gentleman makes an extremely important point and summarises the planning position extremely well. He alludes to the fact that we have had a number of Adjournment debates on this issue—he secured one in May 2008—and my right hon. Friend the Secretary of State has answered questions on the issue on the Floor of the House. I take the position that hon. Members should have quick and rapid access to Ministers in order to put their concerns. Having said that, it is also very important to be mindful of the propriety of planning guidance. Paragraph 26 of that guidance is very clear: at the current stage of proposals, when the draft stage has been out to consultation and the Secretary of State is considering those consultations, Ministers involved in the decision-making process cannot make representations. That is fair; otherwise, as the hon. Gentleman says, we would have to have a further round of consultation. That would not be fair and it would delay the consultation still further, which I do not think he wants.

Linda Gilroy (Plymouth, Sutton) (Lab/Co-op): May I say thank you to my right hon. Friend the Minister for Local Government for his welcome visit to Plymouth, where he heard of our ambition to be the engine driver of the far south-west? I would also like to thank colleagues for listening during the period in which we could make representations and be heard. Finally, I would like to observe that we really hope that Plymouth will be reinstated in the final version of the regional spatial strategy to reflect its role as engine driver of the far south-west economy.

Mr. Wright: I thank my hon. Friend for that comment and her question. I was down in Plymouth last week—not in my hon. Friend's constituency—and saw first hand the ambition and how good community representatives are in that area. She is aware that the consultation has now finished, so I cannot put what she has said forward to the planning decision maker, but I certainly take on board those points.

Annette Brooke (Mid-Dorset and North Poole) (LD): My constituents find it very difficult to reconcile statements from Ministers that the Government are absolutely committed to protecting the green belt with proposals in the regional spatial strategy for large-scale development in the green belt. Notwithstanding what the Minister has just said, what assurances or reassurances can he give my constituents about the criteria and methodology that the Government will use in assessing the green-belt issues?

Mr. Wright: My right hon. Friends the Prime Minister and the Secretary of State have made it very clear that the planning policy arrangements surrounding green belt are robust and have stood us in good stead for something like half a century—and we continue to adhere to them. There has actually been an increase in the number of hectares of green belt since 1997. We have been protecting the countryside—something that the Government will continue to do.

Kerry McCarthy (Bristol, East) (Lab): I entirely appreciate the constraints on the Minister in responding to questions today, but I urge him and his colleagues to take into account the concerns of people in urban areas that implementation of the regional spatial strategy may make it easier for developers to pick off sites in undeveloped areas rather than put their resources into developing regeneration sites on brownfield sites in city centres. I urge him to ensure that we do not lose sight of that objective.

Mr. Wright: I certainly take on board my hon. Friend's points. I think that that was made clear during the consultation process. She is aware that I cannot take that forward at the moment, because the consultation period has closed and the Secretary of State is considering the responses, but the issue certainly came out during the consultation period.

Mr. Robert Walter (North Dorset) (Con): The Minister will be aware that last week the planning inspector upheld a decision of East Dorset district council to refuse planning permission for 60 houses in the green belt at Colehill in my constituency. Can my constituents take heart at that decision, in that the Secretary of State will not persist with her proposals to build in the green belt in south-east Dorset?

Mr. Wright: I am reluctant to comment on specific proposals because of the quasi-judicial nature of the function of my right hon. Friend the Secretary of State in this context, but I repeat what I have said in earlier responses. We have robustly defended the green belt, and we have actually expanded it since 1997. We see it as a major, powerful planning tool to help prevent urban sprawl. It is absolutely essential, and we will continue to defend it wherever necessary.

Robert Neill (Bromley and Chislehurst) (Con): Perhaps the Minister would like to explain to us how many of those representations relate to the removal of green belt protection from land around Bristol, Bath, Cheltenham, Gloucester, Bournemouth and south-east Dorset. He referred to the quasi-judicial nature of the Secretary of State's function. Will he bear in mind that the Secretary of State's own statement that

> "the proposed changes would result in loss of green belt land"

flatly contradicts his own assurance to the House, and the Prime Minister's, that such land would be "robustly" protected? May we have quasi-consistency as well?

Mr. Wright: Nice line, but I think I can do a bit better than that.

As I said earlier, we received 35,000 responses to our consultation, the largest number ever. The consultation featured three broad themes: the overall level of housing provision, infrastructure and the regional distinctiveness of the south-west. All those points need to be taken into account, and my right hon. Friend the Secretary of State will ensure that they are addressed.

Community Land Trusts

7. **Mr. David Drew** (Stroud) (Lab/Co-op): When she plans to make her response to the recent consultation on community land trusts. [248945]

The Secretary of State for Communities and Local Government (Hazel Blears): The Government are committed to community-led development. In October last year, we launched a consultation on how a sustainable community land trust sector could be developed. The consultation closed on 31 December. We have received 63 responses from a wide variety of stakeholders, which we are currently analysing. We will publish the results in the near future.

Mr. Drew: I hear what my right hon. Friend says, and I am pleased that progress has been made with community land trusts, but will she have a word with the Homes and Communities Agency, whose representatives I shall be meeting in my constituency on Friday, to ensure that development of the Cashes Green site—which, as she knows better than I do, is a pioneer site—is accelerated as a matter of urgency? I hope that the whole site will be available because otherwise there will be piecemeal development, which does not help the concept, let alone the practice, of community land trusts.

Hazel Blears: I pay tribute to my hon. Friend's determination and tenacity. This is an innovative policy that requires forward-thinking people to push it forward, and that is exactly what we are doing. A master plan has been developed for the Cashes Green site, which was presented to the public on 8 January, and the matter will proceed.

The concept of community land trusts is important, and not just for housing development. The whole point of such trusts is to secure community ownership and give communities a sense of being able to influence local services and assets. This is new territory, involving co-operatives, mutuals and, of course, community ownership, which is why it is so important for us to get it absolutely right.

Mr. Bernard Jenkin (North Essex) (Con): Will the Secretary of State examine the role of community land trusts, and the possibility of genuinely community-led development, in relation to the provision of Gypsy and Traveller sites? In my constituency it is private developers who are currently submitting applications for development on those sites, and, although such development is entirely contrary to the wishes of the community and local people, it seems likely that the applications will be imposed on them by virtue of the regional assemblies that we thought we had got rid of in the referendum.

Hazel Blears: I congratulate the hon. Gentleman on his ingenuity in drawing those issues together.

The sites proposed for Gypsy and Traveller provision were proposed by the local authorities. It is not a case of imposition; there has been consultation on the proposals. Provision of this kind is always a matter of controversy, but I think all Members will recognise that unless provision is adequate, we shall continue to experience the problems of people moving from site to site that have caused difficulties to many communities in this country.

David Lepper (Brighton, Pavilion) (Lab/Co-op): My right hon. Friend referred to community land trusts in the context of a co-operative and mutual approach to housing. She will know of the Commission on Mutual and Co-operative Housing, which was launched at last year's Co-operative Congress. Will she examine the findings of the commission's report when it is published, with a view to establishing what further support the Government can give the co-operative and mutual sector in the provision of affordable housing?

Hazel Blears: My hon. Friend raises an important point. There is now a call for evidence and an inquiry into the roles that co-operatives can play in this respect. It is interesting that when people become involved in housing co-operatives, they often go on to set up social and business enterprises in other areas. I am told that in one co-operative in Redditch, around 15 per cent. of the tenants who have been involved in managing their properties are now school governors, and are trying to improve the education system in their area. There are many spin-offs and benefits to mutual ownership.

Social Housing

8. **Simon Hughes** (North Southwark and Bermondsey) (LD): What recent discussions she has had with housing associations on fulfilment of their current plans for social housing in Greater London. [248946]

The Minister for Housing (Margaret Beckett): Ministers and officials have been meeting housing associations and the National Housing Federation to discuss provision of affordable housing in the current downturn. In response, we have taken a number of steps to encourage delivery, including bringing forward £550 million of spending to help to provide up to 7,500 new social rented homes earlier. The Homes and Communities Agency has increased flexibility on levels of grant funding to support development. The HCA is working closely with housing associations, including those in London, to maximise delivery.

Simon Hughes: I welcome the Minister's reply. She may know that Southwark council has two very large schemes to demolish the Haygate estate at the Elephant and Castle and the Aylesbury estate a bit further south in Walworth, and to replace them with more affordable housing. Both are supported by London government and by Ministers. Will she ensure that both her officials and people at the Homes and Communities Agency facilitate the passing of the money to the housing associations now? The plans are there and everyone wants the homes to be built, but something in the pipeline is holding them up. The communities of south London would welcome those thousands of good, new affordable homes soon, and they would help the building companies that are looking for work in the affordable sector.

Margaret Beckett: I am aware of the schemes that the hon. Gentleman identified, as well as the need for them and the local community's desire that they should be completed. I am also aware that there have been recent concerns about delivery, and both the council and the HCA are working closely together to decide how to resolve the problems and, hopefully, to overcome them.

Ms Karen Buck (Regent's Park and Kensington, North) (Lab): The business model on which housing associations funded affordable homes for rent through shared ownership sales is, effectively, broken. Will my right hon. Friend assure me that she is working with the Homes and Communities Agency to ensure permanent adjustments to the grant regime to plug that gap, to undertake an urgent stocktake of unsold shared ownership properties across housing associations to ensure that none stays empty, and to reject the Mayor of London's proposal to give priority for shared ownership to families whose household income is greater than that of Members of Parliament?

Margaret Beckett: My hon. Friend takes a great interest, and has great expertise, in these matters. I recognise the difficulties that housing associations face at present, and how the expectations about their funding sources, which they have had for some time, have changed. She will know that increased flexibility is being shown, and I hear what she says about her belief that that will need to be the case for some time into the future. We will certainly discuss that with the HCA. I also understand her concern about unsold properties, including those designated for shared ownership: it is my understanding that there is no substantial backlog of unsold units at present, as has been the case. However, if my hon. Friend, or any other hon. Member, has concrete evidence that that remains a problem, I would be happy to look at it.

Justine Greening (Putney) (Con): I thank the Under-Secretary of State for Communities and Local Government, the hon. Member for Tooting (Mr. Khan) for his earlier words of welcome.

Back in April 2006, the Government introduced their flagship Social HomeBuy scheme. It was meant to help those people who were ineligible for right to buy, or unable to afford it. But as of June last year it had helped only 103 house purchasers across London, or just four a month. What are the latest figures for Social HomeBuy across London, and why has it not helped more people?

Margaret Beckett: First, like my hon. Friend the Under-Secretary, I welcome the hon. Lady to the Front Bench. May I give her a piece of kindly and well meant advice? She should not pay too much attention to the colleague who is sitting on her immediate right because Social Homebuy is one of his obsessions. It is true that large numbers have not taken it up, but the hon. Member for Welwyn Hatfield (Grant Shapps) always omits to mention that it was a pilot scheme. It is neither the Government's flagship scheme nor the chief element of our HomeBuy Direct scheme. The latter is a portfolio of schemes, which I know that the hon. Lady will find interesting when she has had a chance to study it. Contrary to the hon. Gentleman's observations about a couple of hundred people, 110,000 people throughout the United Kingdom have benefited from our HomeBuy Direct programmes. Recently, we have provided some £400 million of funding in partnership with developers to ensure that 18,000 properties throughout the country are offered to first time buyers. Barratt released some 3,000 towards the end of last week. The hon. Lady will find HomeBuy Direct offers an interesting series of options, which are popular, especially with many first time buyers. I repeat the suggestion that she does her own research in future.

Council Housing Rents

9. **Jim Cousins** (Newcastle upon Tyne, Central) (Lab): If she will suspend or reduce the formula guideline rent increases for council tenants for 2009-10. [248947]

The Minister for Housing (Margaret Beckett): The subsidy determination to which my hon. Friend refers includes additional measures, aimed at maintaining affordability for tenants, while addressing councils' ability to raise income. They include the pre-existing protection for tenants, which limits rent increases to retail prices index plus ½ per cent. plus £2. We are aware of the concerns now being raised about inflation and the fixed guideline rent increases. I am looking closely at the position to consider what action may be appropriate.

Jim Cousins: I am grateful to my right hon. Friend for her reply, but she knows that council tenants throughout England face rent increases of between 5.5 and 7 per cent. That is a heavy burden and councils place the responsibility for it at the door of the Government's formula rent guidelines. May we reconsider the matter? Nine thousand tenants in the city of Newcastle pay full rent and the burden on them is especially heavy. They do not want to be in the Cabinet; they want to get through the week. Is my right hon. Friend willing to meet council tenants from Newcastle and me so that we can explore ways through that genuine difficulty for so many decent people?

Margaret Beckett: Of course, I understand and appreciate the concerns that my hon. Friend raises—I am always happy to hear from him about such issues. I am well aware that local authorities tend to say that the instructions are the Government's—I suppose that that is inevitable. However, I am sure that my hon. Friend knows that, although the Government issue guidelines, it is for councils to determine the rents that they set. For example, last year, I believe that the guidelines suggested 5.7 per cent., but the rent levels were 5 per cent. Clearly, there is room for manoeuvre and councils have freedom to act and their own responsibilities. As I said, I am considering the position. A well meant desire to give local authorities certainty about action over two years led to issuing guidelines for two years. Obviously, this year's guidelines must stand, but I will re-examine the implications.

Topical Questions

T1. [248964] **Mr. Ben Wallace** (Lancaster and Wyre) (Con): If she will make a statement on her departmental responsibilities.

The Secretary of State for Communities and Local Government (Hazel Blears): My Department continues to work to build strong, safe communities where people want to work, live and bring up their families. We continue to focus on providing real help for people through the downturn and ensuring that our communities are ready for the upturn. Our genuine help for families and business continues to stand in sharp contrast with the position of the Conservatives, who would do nothing.

Mr. Wallace: Hundreds of my constituents live in residential park homes. Those parks are mostly run by site owners who treat the residents with respect, but a minority of park owners exploit vulnerable residents through unfair terms and conditions. When will the Government introduce proper measures to deal with those individuals? Will the Secretary of State meet me and representatives of Lancashire trading standards to try to find a way forward so that we can take genuine, concrete action against those despicable rogue owners?

The Parliamentary Under-Secretary of State for Communities and Local Government (Mr. Iain Wright): I thank the hon. Gentleman for his comments and acknowledge his concerns. We have already introduced measures to try to improve the conditions for the residents of park homes. He will be aware of proposals, about which I will consult shortly, to ensure that owners and managers of residential park homes are fit and proper people. I would be more than happy to meet him and a delegation from Lancaster to discuss those issues further.

T3. [248966] **Kerry McCarthy** (Bristol, East) (Lab): I was pleased to hear my right hon. Friend the Secretary of State express her concerns at the weekend that the recent events in Gaza will have a negative effect on community cohesion, particularly within the Muslim community, and that they could promote radicalisation and the growth of extremism among Muslim youth. What is my right hon. Friend's Department doing to ensure that we do not see that negative outcome, and to ensure that we do all we can to work within that community, and to prevent it from being exploited by extremists from outside it, such as those far-left groups who are keen to jump on the bandwagon and exploit recent events?

Hazel Blears: My hon. Friend has raised a vital issue for all of us to consider in our communities. It is clear that the events in Gaza and the horrific scenes we have all witnessed, particularly the killing of women, children and other civilians, have had a real impact, not just on our Muslim communities, but particularly on those communities in our country. Our prime responsibility now is to ensure that our communities come together and work together, and that we keep the resilience that we have built up over such a long period of time. Naturally, people are angry, but there is no reason why that anger has to be translated into extremism; however, there are some people who will seek to do exactly that.

Over the last few weeks, the Foreign Secretary, the Home Secretary and I have met with a range of community organisations, and made sure they are up to date with the briefing and that people are getting the message about what this Government are doing to ensure we get a peaceful resolution of the international situation. We also have to be mindful of the increase in—

Mr. Speaker: Order. If the right hon. Lady will take her seat, let me say that I did give some leeway in the earlier questions, but on topicals I want sharp answers, and sharp questions as well. I cannot have long answers on topicals; it is unfair to Back Benchers.

T2. [248965] **Mr. Henry Bellingham** (North-West Norfolk) (Con): Is the Minister for Local Government aware that the boundary committee's proposal for a single unitary authority for the whole of Norfolk has met with overwhelming opposition? Indeed, I have not yet met a single MP or councillor who is in favour. Does the right hon. Gentleman agree that these proposals are a classic product of a boom economy? Now that our economy has turned to bust, has not the time come for him to say to the boundary committee that it should abandon these very costly, extravagant and political plans?

The Minister for Local Government (John Healey): In fact, the new unitary authorities that are due to come into place on 1 April this year are finding that reorganisation is helping them to deal with some of the financial pressures from this economic downturn rather than the opposite, so I am not clear about the argument the hon. Gentleman is trying to make. On the boundary committee's work, he will know that the period before which it must submit proposals formally to Ministers has been extended until 13 February. I know that representatives of the boundary committee have been listening and will continue to listen until that date; they will welcome the representations that the hon. Gentleman and others make, and those representations will no doubt play a part in the proposals that the committee then submits to us.

Phil Wilson (Sedgefield) (Lab): I welcome my right hon. Friend the Secretary of State's comments in recent weeks about its being incumbent upon Government to confront and address the racist propaganda that some organisations put around in some of our communities. What are her views on this, and what else can the Government and her Department do to make sure that this vile propaganda is expunged from our local communities?

Hazel Blears: It is a responsibility not just of our Department but of all of us in politics to make sure that we isolate those far-right extremists who seek to divide our communities. It is essential that correct information is available to all our citizens, to dispel the myths that people coming into our country are somehow getting entitlements which they are not due. Getting proper information about housing and facilities is vital, but so, too, is bringing people together and being united against this far-right extremism that seeks to poison our politics in this country.

T4. [248967] **Bob Russell** (Colchester) (LD): After almost 12 years of a Labour Government, the housing crisis in the country is worse now than it was in 1997. That is because the Government have failed to build council houses. When will this Government bring in and implement the policies of the Labour party conference, or at least try to match the house building programme that even the Thatcher Government achieved?

The Minister for Housing (Margaret Beckett): What the hon. Gentleman entirely overlooks is that when we came to power we inherited a backlog of £19 billion of needed maintenance and repair work in the council housing sector. Had that not been met by the decent homes programme, it would have led to serious difficulties in the future. He asked what we intend to do. We are consulting this week on how to remove the barriers erected by the Thatcher Government that made things extremely difficult and actively discouraged local authorities from being engaged in building.

Mr. Ken Purchase (Wolverhampton, North-East) (Lab/Co-op): It is welcome for house owners with mortgages that interest rates have fallen, thus reducing their monthly payments. The other side of that is, as my hon. Friend the Member for Newcastle upon Tyne, Central (Jim Cousins) mentioned, that council tenants face rent increases of between 5 and 6 per cent. Although it is within the gift of councils to ameliorate that, the grant regime structures the outcome, and I understand that this year it has led to the Treasury benefiting to the tune of about £200 million. Does she appreciate that that is not equitable and that, in the interests of introducing good Labour policy, there should be either a complete stop on this year's rent increases or at least a considerable reduction in the proposed increases?

Margaret Beckett: I know that my hon. Friend has great concern about this issue and that he has encountered some problems in his constituency, about which he has written to me. I simply say to him that if there is a surplus this year, it will be for the first time, because over the years the Treasury has historically made a substantial net contribution towards both house building and house repair. May I also tell him that, as he may be aware, we are undertaking a fundamental review of the structure and system of housing finance, which I hope will report a little later this year? Of course, that underlies the formula and the root of settling rents, to which he has referred.

T5. [248968] **Andrew George** (St. Ives) (LD): What can Ministers do about the impact of the well-established practice of upward-only rent reviews, particularly on our town centre shops? As such reviews are accompanied by upward-only rate increases, they are making a major contribution to business exodus from our town centres and creating ghost town centres during the downturn.

Hazel Blears: The hon. Gentleman raises an important point in the current economic circumstances—trying to ensure that properties in our town centres are let is about not only income for the business, but the vibrancy of the town centre. Clearly, many of the negotiations are private ones between landlords and tenants, so the Government are not in a position to intervene in those circumstances. Trying to provide as many incentives as we can to ensure that properties remain let is a high priority for us and for local authorities, and we will certainly examine whether we can give further assistance.

Lyn Brown (West Ham) (Lab): Will my right hon. Friend tell me what progress is being made on the multi-area agreement for the Olympic boroughs? Can she tell me what difference she thinks it will make to my constituents?

Hazel Blears: I can tell my hon. Friend that excellent progress is being made on the multi-area agreement for the five Olympic London boroughs. They have come together to work co-operatively—dare I say it, as never before—and they are making great progress. They are concentrating on skills, employment and raising the aspirations and ambition of young people in the area, and that will make a significant difference to her constituents for the future.

T6. [248969] **Mr. Richard Benyon** (Newbury) (Con): In 1998, the then Deputy Prime Minister set up the compulsory purchase policy review advisory group. It reported in 2000 in an attempt to make the arcane compulsory purchase legislation simpler, fairer and quicker for all sides. Its report, and a subsequent Law Commission report, means that all the work has been done, but it has been parked in a file marked "Too difficult to deal with". Will the Secretary of State meet the Compulsory Purchase Association and bring this review forward, so that we can have more up-to-date laws that suit both sides of the compulsory purchase argument?

Hazel Blears: Yes. The hon. Gentleman will be aware that compulsory purchase legislation has been visited from time to time since the report that he mentions was published. Changes have been made to try to ensure that the system is more responsive. I have recently responded to a letter from the Law Commission, which, again, seeks primary legislation. All I can say is that there are clearly other priorities at the moment for primary legislation. If people wish to make representations and have a meeting, I am sure that that can be facilitated.

Mr. Dennis Skinner (Bolsover) (Lab): The Minister for Housing will recall that in December she met a delegation from Bolsover district council regarding the need to replace more than 100 prefabricated bungalows and to rebuild in order to start the housing boom in Britain. She said that she would look at the matter. Has she anything to add, because we want to get started? We are not the bankers you know—we mean business.

Margaret Beckett: I am grateful to my hon. Friend. I have not forgotten the very strong case made by his constituent. He will know that there were some difficulties, and we were looking to see whether they could be overcome. I shall pursue the matter with some urgency and write to him again.

T7. [248970] **Mr. David Amess** (Southend, West) (Con): The last national census resulted in 20,000 people being left off the register in Southend, with dire financial consequences. Will the Government ensure that houses in multiple occupation are properly identified and registered, and will they encourage ethnic minorities, particularly from eastern Europe, to have no fear whatever in returning the forms?

John Healey: Concerns about the accuracy of population and migration data go beyond houses in multiple occupation. That is why the national statistician is leading a detailed programme of work with other Departments and local government, which have a considerable amount of administrative data that can be used to help improve the statistics. That work is important in preparing for the next census, so that we do not have the same flaws as in the last one. It is important also for the next spending review period, so that the Government have the best available population data on which to base policy and funding decisions for the future.

Mr. Barry Sheerman (Huddersfield) (Lab/Co-op): Does my right hon. Friend the Secretary of State know that the regeneration of many of our communities depends on the rebuilding of their further education colleges? What plans does she have to reassure local authorities and colleges that all will be well when her Department gives local government the Learning and Skills Council's responsibility for capital funding?

Hazel Blears: My hon. Friend raises an important point. Many of the most significant regeneration schemes across the country are a combination of retail, commercial and educational facilities. That is why we are seeking to ensure as far as possible that those projects proceed. I am aware of a number of applications that have been made to the Learning and Skills Council, and it is important to ensure that its processes and procedures result in swift decisions. I shall liaise with my right hon. Friend the Secretary of State for Innovation, Universities and Skills to ensure that that is the case.

T8. [248971] **Simon Hughes** (North Southwark and Bermondsey) (LD): Given that cutting fuel bills and the use of energy is the best way of meeting the environmental challenge, when will Ministers be able to meet the target put forward by many groups last September of an energy efficiency rating of 81 out of 100 for our homes? How many UK homes already meet that target?

Margaret Beckett: I am afraid that I am not carrying that number in my head, but I shall certainly write to the hon. Gentleman about it. I shall also provide an answer to his query. I am not sure whether anyone has set a date by which they think that standard can be met, but it is an important point and I shall write to him about it.

Margaret Moran (Luton, South) (Lab): Will my right hon. Friend join me in congratulating Luton borough council, which this week has successfully tendered all its infill housing sites to one housing association, providing much-needed housing and community facilities in areas such as Hart Hill, in my constituency? Will she use her considerable influence to ask housing associations to invest in extending existing registered social landlord properties where there is severe overcrowding, as in the case of families in my constituency who have no prospect of ever getting a transfer?

Margaret Beckett: I am happy to join my hon. Friend, who I know takes a great and expert interest in these matters, in congratulating her local community and welcoming the housing provision to which she refers. I certainly take her point, and I am mindful of the fact that, not just in her constituency but across the country, one difficulty is that even where housing has been provided, it is not always the larger housing that families need. I take her point entirely and I am grateful to her for making it.

T9. [248972] **Andrew Stunell** (Hazel Grove) (LD): When does the Secretary of State plan to publish her biennial report on the Sustainable and Secure Buildings Act 2004, which was due to be presented to the House last October?

Hazel Blears: It is a very short answer: as soon as I find out exactly what stage it has got to.

Dr. Brian Iddon (Bolton, South-East) (Lab): For the third successive year, I am afraid that I must complain about the huge increases in the salaries of chief executive officers of housing associations. The highest-paid this year, including his bonuses, has crashed through the £300,000 per annum level for the first time. Who makes these decisions, and is my right hon. Friend ever consulted on them?

Margaret Beckett: I am certainly not aware of ever having been consulted about them. The boards of housing associations would make those decisions. My hon. Friend makes a valid point and I know that there is concern across the House—certainly among those on the Labour Benches—about the levels of some of the salaries and about whether or how they can be justified. We will certainly continue to discuss the matter.

T10. [248973] **Ann Winterton** (Congleton) (Con): Does the Minister agree that it makes no sense in this very difficult housing market for councils to charge full domestic rates on properties that are empty because of a bereavement? It also does not help a sale if the furniture has to be removed. What action can the Government take to persuade local government to be more pragmatic and to react sensibly to what is, after all, reality?

Mr. Iain Wright: I take on board what the hon. Lady says. We have put in place a package of measures so that councils have more powers to be more mindful of specific circumstances. She will be aware, for example, of the empty dwellings management orders that can be used. However, the whole point, as she suggests, is to act sensitively and co-operatively with the family concerned. That is what we will encourage local authorities to do.

Point of Order

3.36 pm

Mr. Barry Sheerman (Huddersfield) (Lab/Co-op): On a point of order, Mr. Speaker. I am told that I must raise this question with you, because the Modernisation Committee has no powers to deal with it. There is no rule of the House that I can discover that dictates that our Clerks should sit in this Chamber wearing wigs. You yourself, Mr. Speaker, no longer wear a wig. On this day of modernisation in another political system not very far from here, in the United States, would it not show that we were modernising if our Clerks, who work so hard for us, no longer had to wear wigs?

Mr. Speaker: I do not wear a wig, but I prefer the Clerks to wear wigs.

Financial Crisis

3.36 pm

The Financial Secretary to the Treasury (Mr. Stephen Timms): I beg to move,

That this House takes note of European Union Documents No. 14938/08, Commission Communication: From financial crisis to recovery: A European framework for action and No. 16097/08, Commission Communication: A European economic recovery plan, and endorses the Government's approach to discussions with European partners on these issues.

I welcome the opportunity to debate the Government's approach to the European economic recovery plan, alongside the related European Union documents. The world economy is in a serious downturn arising from financial system dislocation. The size and speed of that downturn warrant substantial and immediate action from Governments. Developments in the United States sub-prime mortgage market were the original trigger for the distress in the financial markets that escalated throughout last year, leading on to a severe downturn in economic activity across the world.

What began as disruption to the functioning of specific credit and money markets has spread and intensified to the extent that all financial markets have been affected. Financial institutions and financial systems in both developed and emerging market economies have been placed under severe pressure and, as credit conditions between banks have become tighter, their ability to lend to businesses and consumers has been restricted. That scarcity of credit for businesses and consumers has further contributed to the downturn and produced a real effect on the lives of individual citizens at home and in other countries, too. That is why it is right and necessary for Governments across the world to take bold action now to support the economy. My right hon. Friend the Chancellor of the Exchequer yesterday set out the further measures that the UK Government are putting in place.

In October, we took the lead with steps to stabilise the banking system. The euro-area summit of 12 October agreed a co-ordinated approach based on the UK model. In the pre-Budget report, my right hon. Friend the Chancellor announced measures worth around £20 billion between now and April 2010. That fiscal stimulus includes timely, temporary and targeted measures to support demand and to provide real help to people and businesses through these difficult times.

Mr. John Redwood (Wokingham) (Con): The document also says that any measures should be within the growth and stability pact and should be close to or within the 3 per cent. budget deficit ceiling. Will the Financial Secretary confirm that our budget deficit will be more than 10 per cent. of gross domestic product this year? Is that not well outside the terms of the document?

Mr. Timms: I do not recognise the figure that the right hon. Gentleman gives, but I can tell him that the Commission has recognised that, in these exceptional circumstances, countries—including those in the euro area—may well exceed the 3 per cent. limit.

As I said, at the euro-area summit of 12 October, we took the lead with steps to stabilise the banking system. In the pre-Budget report, my right hon. Friend the Chancellor announced measures worth around £20 billion.

Yesterday, he announced further measures to support the banking sector and to safeguard millions of jobs at risk from continuing difficulties in the financial system. The aim of the measures is to begin to replace the lending capacity lost by the withdrawal of foreign banks and other institutions, and to address the barriers that prevent UK banks from expanding their own lending. They are also designed to support stability in the economy, and ECOFIN has been looking at them today.

The crisis, however, is global and requires a global solution, so we are also working with partners outside Europe. The G20 summit in Washington in November set a vital precedent for international co-operation. Governments from developed and developing economies debated solutions to the crisis and they agreed on closer macro-economic co-operation and to take whatever actions are necessary to stabilise the financial system and support growth.

The G20 Finance Ministers will meet under the UK presidency in March, and the G20 leaders will meet at the London summit in April. International co-operation is of the greatest importance, and the European Union, its institutions and member states, are among our most important partners.

Mr. William Cash (Stone) (Con): Is the Minister suggesting that everything being proposed under the Government's measures to deal with the credit crisis is based on European directives?

Mr. Timms: No; in fact, if anything it is the other way round. The measures that we introduced in the UK inspired large parts of the European plan, and of course we were closely involved in the discussions that led up to the plan that is before the House this afternoon.

Mr. David Heathcoat-Amory (Wells) (Con): The Minister has claimed that Britain led the way in monetary policy, but we would not have been able to do so if we had taken the Government's earlier advice—it is the current advice from the Liberal Democrats—and joined the euro, because that would have meant giving up our power of self-government over monetary policy. Will he now repent of that folly and agree that joining the euro would have been a catastrophic mistake? Will he also agree with us that countering the recession will require both fiscal expenditure control and monetary interest rate control, which we can have only if we retain our own currency?

Mr. Timms: I think that the right hon. Gentleman is familiar with the five tests that the Government have set as preconditions for considering entry to the single currency. I shall take his contribution as a statement in support of those arrangements.

This crisis has impacted on all members of the European Union. The euro area is already in recession, after a fall in GDP for the second consecutive quarter. The latest European Commission forecast expects GDP in the largest member states to fall by between 1.75 and 2.25 per cent. The European Central Bank has taken action in line with the Bank of England and dramatically reduced interest rates, in some cases in co-ordination with cuts made by the G7 central banks.

The European Union now has the opportunity to use its structures and institutions for decisive, co-ordinated action to respond to the crisis and facilitate recovery. At the end of October, the Commission published a communication outlining initial proposals on how the EU can take united, unified and co-ordinated action to address the crisis. The initial response was later developed into a full framework.

On 26 November, the Commission published its European economic recovery plan to inspire a co-ordinated response to the downturn. A plan based on that was subsequently agreed by the European Council, and it has two key pillars. First, the Commission calls for a fiscal stimulus from member states equivalent to around 1.5 per cent. of European Union GDP, to be made up of contributions from member states and the EU itself. This pillar is consistent with measures that we announced in the PBR, including supporting general VAT reductions and front-loading investment projects in infrastructure, transport and climate change, as well as further measures for small businesses. France, Germany, Italy, Spain and the Netherlands have all since announced stimulus packages along those lines.

The plan further stressed that, in these exceptional times, it was necessary for Governments to have flexibility to increase borrowing in line with measures to support the economy, and, as I said a few moments ago, that member states may breach the 3 per cent. of GDP deficit limit outlined in the stability and growth pact. The conclusions from the December European Council reiterated that the revised stability and growth pact provides flexibility for member states to implement measures in the recovery plan without compromising public finances in the medium term. In line with that thinking, we have set out plans for a sustained fiscal consolidation from 2010-11, when the economy is expected to be recovering and able to support a reduction in borrowing.

The second pillar comprises priority actions grounded in the Lisbon strategy for growth and jobs and designed to adapt our economies to long-term challenges to take advantage, when growth returns, of the new opportunities that there will then be. They include employment support initiatives, enhancing access to business financing, reducing administrative burdens, and promoting the rapid take-up of green products and technologies. We are taking action in those and other areas to help individuals and businesses through this crisis, and other members of the European Union will take similar steps in the spirit of this plan. These measures will help to provide us and our European partners with the means to take full advantage when the economy begins to recover.

The plan highlights the role of the European Investment Bank in mitigating the effects of the crisis. The EIB has put together a package of €30 billion in loans to help small to medium-sized enterprises, and that is up 50 per cent. on its usual lending to the sector. UK small businesses stand to benefit to the tune of £4 billion by 2011. The plan also proposes to revise the EU budget's financial framework to fund energy interconnections and broadband infrastructure. We are looking forward to examining those proposals in more detail, as the detail becomes available, and discussing them with our EU partners. We very much welcome publication of the plan and the agreement at the December European Council on priority actions at national and EU level.

Mr. Philip Hammond (Runnymede and Weybridge) (Con): The Financial Secretary mentioned the proposals for the acceleration of energy and broadband projects.

[Mr. Philip Hammond]

It is clear from the Government's response that they were not certain at the time whether that would have budgetary implications for the UK. Is he any clearer now whether the proposals would have budgetary implications for the UK Exchequer?

Mr. Timms: Clearly, if the European Union spends more than otherwise would have been the case, there will be implications, but we are waiting for the detail of those proposals, which I anticipate will be provided quite soon.

The plan supports our fiscal stimulus, and provides further support for actions to front-load public expenditure, which we have just touched on, and assist small and medium-sized business. The plan and the menu of possible complementary actions that it provides can be enacted in member states as suits the needs of their domestic economies, while producing positive spill-over effects in the wider single market.

Bold action in a common market requires a common framework for action, not least to protect against competition distortion, so the plan also includes a temporary state aid framework for support to the real economy over the next two years. In the state aid arrangements, we need to take account of the extraordinary circumstances across the European Union, so we welcome the Commission's flexible, pragmatic approach in assessing measures to support both the banking system and the real economy.

The Commission provided rapid approval of UK actions to stabilise the banking system in October. Since October, 15 member state schemes have been approved, each similar to the UK model of recapitalisation or loan guarantees. The temporary framework also endorses the approach to supporting small businesses via state guarantee schemes. However, the role of the EU in monitoring state aid remains important. There should be no suspension of state aid rules, as they are key to ensuring a level playing field across the single market—and, most importantly, to avoiding moves towards protectionism, which might otherwise be a danger, and towards a counter-productive subsidy arms race. In the near term, it will be particularly important for the Commission to enforce the rules when interventions are not appropriate or well targeted.

Mr. Cash: The right hon. Gentleman referred to a level playing field. Does he not think that in the context of over-regulation, the stability and growth pact, the provisions of the Lisbon agenda and the issue of state aid, the playing field looks more like a battlefield of the Somme? I am thinking of the carnage that has been created in respect of all the rules that we have been told for decades are essential for the European economy. Does all this not demonstrate that all those plans are simply worthless and that the United Kingdom would be much better off with our own economic plans, rather than our being entirely driven by all this European nonsense?

Mr. Timms: I completely disagree with the hon. Gentleman's characterisation. The single market in Europe is of immense value to the UK as well as to the other member states. The ability to produce a plan along these lines to achieve a unified response to the crisis demonstrates once again the value to the UK of our membership of the European Union.

Kelvin Hopkins (Luton, North) (Lab): My right hon. Friend has talked about the great value of the single market. However, have we not been a dumping ground for continental European produce and had a gigantic trade deficit as a result? We have been able to deal with that only because we have been able to depreciate our currency. Has the single market not been a disadvantage to us, rather than an advantage?

Mr. Timms: I do not agree at all, and I do not believe that the great majority of UK businesses would either. The European Union accounts for a very large proportion of our trade, and the fact that the single market is in place has been greatly to our assistance. It is one of the reasons why in the past few years we have attracted such an enormous amount of foreign direct investment—more than any country in the world other than the United States. The single market has been an important element in that success.

Mr. Peter Bone (Wellingborough) (Con): I am grateful to the Minister for giving way; he is being very generous.

The Government claim that we led the way on state support. Is the Minister seriously telling the House that if we had had to go to Europe to get the support approved and the European Union had said no, we would have stopped it?

Mr. Timms: I can reassure the hon. Gentleman that we are closely in touch with the European Union on these matters and therefore we do not expect unpleasant surprises in that department.

It may also be necessary to help countries that have been hit particularly hard by the financial crisis and to support their domestic economies and to prevent cross-border contagion. The G20 summit in Washington affirmed international commitment to supporting emerging market economies through this crisis, and it has been necessary for the Community to provide financial assistance to two of its members in conjunction with the International Monetary Fund. As has been the case in respect of many financial institutions in the current crisis, the member states are fundamentally sound, but the pressure of market conditions and exposure to the advanced economies of the euro area, and elsewhere in the EU, have been severe.

The EU medium-term balance of payments finance facility provides the opportunity for external financing from the Community. The facility allows the Commission to borrow on international markets and to lend the money on to member states in difficulty, often with support from the IMF. The Commission has worked closely with IMF staff in assessing situations in member states looking for assistance in producing programmes aligned to economic policy conditions and seeking financing for those packages. The Commission and IMF staff will also work closely together in monitoring the implementation with a view to stabilising the situation as soon as possible. Such financing is very important in the current climate. We need EU member states in positions such as those that a couple have encountered to be able to seek support to restore confidence and protect financial stability in order to prevent contagion and protect the functioning of the single market. We welcome the recent decision to raise the ceiling on the EU financial assistance facility.

This is an extraordinary time in the UK and abroad. We have taken bold action in the UK to stabilise the financial system and restore confidence, and the UK's lead was followed swiftly by our European partners.

Mr. Angus MacNeil (Na h-Eileanan an Iar) (SNP): Is the right hon. Gentleman concerned by the report in today's *Financial Times* showing that in the coming year the UK's unemployment rate will be higher than that of Iceland?

Mr. Timms: I have not read the report to which the hon. Gentleman refers. We are certainly seeing an increase in unemployment right around the world. I was Employment Minister a year ago, and for a period I was able to announce in successive months more people in work in the UK than we have ever had before. The position today looks radically different; that is why we are putting in place the measures that we have announced in the past couple of weeks. The key is to ensure that people who lose their jobs are able to get back into work as quickly as possible, given that there are still more than 500,000 vacancies available.

We took the right course of action in the pre-Budget report to support the economy with a fiscal stimulus, not least in view of employment considerations, along the lines outlined in this plan, as adopted by other EU and G7 Governments. This is a global crisis that will require a global solution, and we will continue to work closely with others for a co-ordinated approach. The EU is a key partner for us. The plan is a bold step in co-ordinating the response to the crisis for the benefit of all the citizens of Europe. I commend these documents to the House.

3.56 pm

Mr. Philip Hammond (Runnymede and Weybridge) (Con): The motion invites the House to take note of the Commission papers and to endorse the Government's response to them. Hon. Members will have noted that the Financial Secretary told us that the Chancellor has already gone to ECOFIN to discuss them, so people will draw their own conclusions about the Prime Minister's commitment to parliamentary government and how much our deliberations are valued.

There is much that we can agree on in the Commission paper: its analysis of the situation that we face; the focus on the need to deliver, at last, on the Lisbon agenda; the use of green taxes to drive demand for energy-efficient products; and, especially, the welcome commitment to open markets and free trade. However, if one reads these two documents together, one cannot avoid the impression that a significant part of the purpose in producing them is to claim ownership of the agenda—that instead of seeing a crisis for EU citizens, the Commission sees an opportunity to extend its competence and exaggerate the role that it has played. The Commission says:

> "The EU was able to take collective action when the pressure on financial markets was at its most intense"

and that this

> "national action inside a set of clear EU principles"

proved to be the right approach. I have to be fair to the Minister and say that the Government appear to be alert to this case of mission creep, because all they will allow in their response is that the Commission's document is

> "a helpful contribution to the ongoing debate",

while emphasising that the challenges are very different in the UK, the EU and the international community. That is "Yes Minister" speak for "We've read your document and we intend to ignore it." The Minister needs to be more robust, because the history of UK Ministers dealing with mission creep from the Commission is that unless they are very robust and clear in setting out their case, they tend to find that they get overruled in due course.

As the Minister said, the context of these issues is global. The problems that arise from this crisis must be dealt with by the world's major economies working together in the G7, the G8, the G20 and other institutions. Britain's focus must be multilateral and international, not merely regional. At least as far as the banking crisis at the heart of the current problems is concerned, London is not just another city within a member state of the European Union. It is a global financial capital in its own right, and on issues of financial regulation, the UK Government must protect the interests of London. Whether we like it or not, in the present circumstances, our private prosperity and the funding of our public services are heavily dependent on the prosperity of the financial markets based in the City of London, and will be for the foreseeable future. Of course, that means an enhanced system of financial regulation to replace the failed regime of 1997, but it must be a system that is designed for the challenges facing London and co-ordinated directly with the Governments of other major financial centres around the world, not one that is intermediated by the EU, the primary purpose of which is, quite properly, the internal regulation of financial services in the European market and not necessarily the promotion of London as Europe's principal financial centre.

Mr. MacNeil: Does the hon. Gentleman share my concern about the Government bailing out banks when we subsequently read reports of the very same banks writing off loans to Russian oligarchs in the region of £2 billion to £3 billion? Does he think that that is a wise use of taxpayers' money?

Mr. Hammond: None of us likes to read about bank write-offs on that scale, and we all recognise that some very poor professional judgment has been exercised. But I would say to the hon. Gentleman that it was no good the Prime Minister feigning shock and horror yesterday at the fact that British banks have been making loans to Johnny Foreigner. He was happy enough to claim the credit for London's role as a global banking centre. Well, what does a global banking centre mean if it does not mean the lending of money across borders? He should not have been surprised, and I do not believe that he was surprised to discover that British banks have engaged in extensive international lending.

The UK Government cannot subcontract responsibility for the regulation of Britain's biggest industry. To take the hon. Gentleman's point, it is the UK taxpayer, not the EU, who picks up the bill if things go wrong, and the Government need to set out clearly the limits of any

[Mr. Philip Hammond]

EU-based system of financial markets regulation. The Minister cannot afford to assume that the first priority of everybody in the European Union when they wake up in the morning is ensuring the continued dominance of London in the EU's financial market arrangements.

Mr. Redwood: My hon. Friend makes a very good point. Does he not agree that the problem was that the Government blundered in, making a big cash injection into the Royal Bank of Scotland without any due diligence, audit or professional inquiry, even though there were weeks between the general statement of principle and the final deal? Why on earth did they not do their professional job?

Mr. Hammond: My right hon. Friend is absolutely right. No effective due diligence was exercised, and we have to ensure that, as the Government get involved more deeply with the bank, they conduct an effective independent audit of the quality of the assets they propose to underwrite, so that the insurance they propose to put in place can be properly and fairly priced.

Kelvin Hopkins: What the hon. Gentleman says suggests to me that he supports the idea of public ownership, and not just that, but a high degree of public control of how banks behave, especially when billions of pounds of public money are going into them.

Mr. Hammond: I do not know which of my comments the hon. Gentleman has interpreted in that way. We had little choice in this situation but to inject public funding into the banks most at risk. The Government cannot allow the UK banking system to fail, which is why the official Opposition supported the action that the Government took in October. It is not something that we were happy about, but it was necessary in the circumstances.

Mr. MacNeil: Will the hon. Gentleman give way?

Mr. Hammond: No, I must make a little progress, if the hon. Gentleman will allow me.

The Government's response needs to spell out more clearly and emphatically where there may be a role for the EU and where the challenges that have to be tackled should be tackled multilaterally by the relevant Governments. Of course, the Government have a competitive claim of their own, which the Minister set out. The claim is that the actions taken by EU members are to the credit of the UK Government—that the UK blazed the trail and the EU followed. The Commission claims that national Governments acted according to

> "a set of clear EU principles",

but the UK response sees it rather as

> "action taken by EU Member States, that built upon the measures…that were announced initially by the UK".

It is a diplomatic version of Punch and Judy.

Before I move on, I want to draw the House's attention to something buried in the preamble to the first paper. The Commission states:

> "The shocks hitting the European economy are expected… to reduce the potential growth rate in the medium term".

That seems to me like a dose of common sense and realism, but it does not seem to be referred to anywhere in the Government's response, and as far as I can see, it is not reflected in the UK 2007 pre-Budget report, which assumes recovery of growth to a trend rate of 2.75 per cent. If that trend rate of growth is not recovered, there will be significant implications for the UK economy and the size of the future fiscal deficit. If the Government disagree with the European Commission's analysis of the likely future trend rates of growth and the impact of the financial crisis on those rates, why does the Government response not address that issue?

Mr. Cash: I am very much encouraged by the line that my hon. Friend is taking on whether the European Union or the United Kingdom should decide the regulatory framework. Would he therefore be good enough to rule out the idea of the creation of a European unified regulatory response to the credit crunch, and to urge that point of view in the shadow Cabinet, in case anybody else might have a different point of view?

Mr. Hammond: I thank my hon. Friend for his comments. This is an international crisis and it needs to be dealt with in collaboration with Governments around the world, but it is obvious to me that it would be a mistake to have a regional focus on what is an international problem. Of course we need to work with Governments and major financial markets across the world, but we should not be sidetracked on to a regional agenda when an international response is needed.

On the broader issue of the global response, the Commission paper is, again, focused principally on establishing a role for itself. It seeks to identify national, regional and international dimensions to the solutions that will be needed, although most external commentators appear to see national and international dimensions only. In the paper, the Commission makes an unconcealed grab for the power to negotiate on behalf of the EU's G7 members. It says:

> "The fragmented representation of the European countries and of the euro area should…be addressed to increase the EU's overall effectiveness and influence."

Once again, I say to the Minister that the Government need to be clear on their view—they are not clear about it in their response—on the appropriate extent of any EU involvement in what is essentially a multilateral process between the world's major economies.

I want to turn to the section of the first paper dealing with the impact on the real economy and with the Commission's recovery plan—the most important part of the package. It identifies financial markets, instability and lack of credit as the root of the problem and urges, as we have done, monetary action, a cut in interest rates and support for lending. It then proposes two key further areas of action. One is what it calls priority short-term action grounded in the Lisbon strategy, designed to help alleviate the effects of the recession in a way that contributes to the long-term, supply-side improvements that the Lisbon process identified as necessary for the competitiveness of the European economies. That is exactly the approach that we have urged in our double test for interventions by the Government in a recession; such interventions must help families and businesses that are struggling in the short term, but must do so in a way that strengthens, rather than weakens, our economy for the recovery to come.

Mr. Heathcoat-Amory: Has my hon. Friend detected any recognition in the Commission's papers of the cost to the real economy of the continuing flow and volume of job-destroying regulations? Is he aware that, specifically, the passenger emissions regulations recently agreed show, according to the Government's cost-benefit analysis, that the cost outweighed the benefit, even after taking into account the supposed environmental benefit? Will he commit himself to examining that burden of cost, which undermines our competitiveness, and that of Europe, in the middle of a global recession?

Mr. Hammond: My right hon. Friend anticipates what I was about to say. There is no recognition of the conflict with the principles and objectives of the Lisbon agenda that arises from the flow of damaging regulation. The Government's response broadly consists of agreeing, as they have done before, with the objectives of the Lisbon agenda, but they need to focus on the problem of the continuing flow of regulatory burdens. The British Chambers of Commerce estimates that 70 per cent. of the cost burden imposed on business since 1998 flows from European Union regulations. If the Lisbon agenda is to be effective, the European Union has to address that issue.

I want to focus on the second part of the package, which is described in the Commission's paper as

"a major injection of purchasing power,"

equivalent to 1.5 per cent. of GDP. Of course, as the Minister said, that is overwhelmingly a commitment to exhort the member states, not direct Community spend. The Government have seized on that part of the EU proposal to seek to justify their fiscal stimulus package, and the VAT cut in particular, which is now widely perceived to have failed. There is a legitimate debate about—*[Interruption.]* The measure is widely perceived to have failed, but if the Minister wants to take issue with me on that, I am sure that I can dig out numerous quotations.

Mr. Timms: Has the hon. Gentleman seen today's inflation figures, which show a sharp and welcome fall in inflation, reflecting in large part, as the Office for National Statistics has said, the effectiveness of the VAT cut, as it is passed through to consumer prices?

Mr. Hammond: I am not sure that the consensus of economic opinion sees the rapid collapse in inflation as an entirely a good thing. We are heading rapidly into deflationary territory, with growth in the retail prices index below 1 per cent. and falling at the fastest rate since the early 1980s. The Minister is far too smart and well informed to think that that is entirely good news. It is good news if the increase in prices is moderating substantially, but having lower prices in the shops does not help people who do not have a job or any earnings with which to purchase things. I can see that the Minister is a "glass half full" man who sees joyous news in this morning's inflation figures, but I am afraid that many people will see in them yet another measure of the calamitous collapse of demand in the economy and warnings of the problems to come, particularly in employment.

There is a legitimate debate to be had about the role of fiscal policy in rescuing economies from recession and about the behaviour of households and the extent to which it is Ricardian, as the economists would describe it. A lively debate is taking place in the academic literature, with analysis of the experience of previous recessions. That debate has been contributed to by, among others, Professor Christina Romer, the chair of Barack Obama's council of economic advisers, who identified monetary developments as largely responsible for the recovery in the US after the great depression and fiscal developments as contributing "almost nothing" before 1942, when the gearing up of wartime production provided a demand stimulus. Professor John Taylor of Stanford university, another former member of the council of economic advisers, concluded that effective fiscal policy should be limited to allowing the "automatic stabilisers" to operate freely and appropriately.

It is not my purpose today to rehearse the academic debate. It is sufficient to note that a debate is taking place. Each Government around the world and in the EU will draw their own conclusions, based on their history and experience, about the desirability and effectiveness of using a fiscal stimulus, and we have seen that debate taking place particularly emotively in Germany. However, the Commission's papers, despite the Government's attempts to spin them in a different way, do not support the fiscal action that the Government have taken, as the Prime Minister claimed that they do. In December, he said that

"the debate about the use of fiscal policy to stimulate our economy and to give direct support for families and businesses in Europe is resolved. Europe favours substantial fiscal stimulus alongside cuts in interest rates…This European set of announcements is the answer to those who…believe that fiscal policy has no role to play."—*[Official Report*, 15 December 2008; Vol. 485, c. 813.]

The European Commission's papers, however, make it very clear that fiscal action must be constrained by the growth and stability pact. Page 7 of the recovery plan states that

"the budgetary stimulus should take account of the starting position of each Member State. It is clear that not all Member States are in the same position. Those that took advantage of the good times to achieve more sustainable public finance positions and improve their competitiveness have more room for manoeuvre now. For those Member States, in particular outside the Euro area, which are facing significant external and internal imbalances, budgetary policy should essentially aim at correcting such imbalances."

There could not be a more explicit reference to the UK without specifically naming it.

The truth is that Britain simply does not have the fiscal room for a stimulus package. We entered the credit crunch with the biggest budget deficit of any major economy. In March 2008, the Government had to concede that, for the seventh year running, the outlook for the public finances was weaker than had previously been forecast. According to the Institute for Fiscal Studies, 16 of 21 comparable industrial nations have reduced their debts and 19 have reduced their structural budget deficits by more than the UK since this Government have been in office. The World Economic Forum has stated that Britain's

"greatest weakness"—

stems from our—

"growing public sector deficit".

The stark fact is that, as this Government increase our debt to 57 per cent. of gross domestic product and to more than £1 trillion in just three years' time, every child born in Britain today is born with £17,000 of debt around its neck.

[Mr. Philip Hammond]

The Commission also notes the need for credible medium-term budgetary frameworks, and the Government's response relies on the claim that fiscal policy has been set on the basis of delivering a balanced, cyclically adjusted current budget and a declining debt-to-GDP ratio once the recession is over. That was the claim of the Minister's colleagues, but I put it to him that he and his colleagues have no credibility when they make such statements. Their Government ran a structural budget deficit through seven years of continuous economic growth, and in each of those years, they predicted a return to balance in two or three years' time. Every year, however, that prediction was postponed by another year. The return to balance was the "jam tomorrow" that never came.

The Commission's paper argues, as the Minister has said, that the growth and stability pact should be implemented with "flexibility" during the recession, and that corrective action would be required during the recovery. The Government have latched on to that, saying that they agree with the Commission that excessive deficits need to be corrected over time frames consistent with the recovery of the economy. The Minister cited that statement, but the EU is referring to excessive deficits that arise as a result of tackling the economic crisis, not to excessive deficits that are already in breach of the growth and stability pact limit and that were being run before we even went into recession. Those deficits were earning rebukes from the European Union before the economy had even turned down. That was the situation that the United Kingdom found itself in. The Commission's prescription for those with structural deficits before the recession is very clear, and I have already spelled it out. It is that fiscal policy should essentially aim at correcting such imbalances.

The Government are wrong to interpret these documents as any kind of green light for their unaffordable fiscal actions, which only add to the mountain of debt, hamper the recovery and burden future generations. On the contrary, the warnings to the UK in the Commission's paper could not be clearer, and the UK Government's response is disingenuous in the extreme in trying to interpret it otherwise.

On the global response to the financial crisis, the Commission is empire building and the UK Government are right to rebuff it, but need to do so more forcefully. On Lisbon and supply-side reforms, the Commission is merely cataloguing the failure to deliver on the agenda agreed many years ago to make Europe the most competitive knowledge-based economy by 2010—an objective that now looks rather a long way from being achieved. The UK Government response merely endorses that agenda once again, rather than identify the reasons why it has not been delivered.

On the financial markets architecture at EU level, the Government need to dig in and ensure that they will determine the regulatory regime governing Britain's biggest industry and that they negotiate globally on cross-border supervision and information-sharing arrangements that can be done effectively only at a global not a regional level. I do not necessarily regard it my purpose to endorse what the Government do in this area, but I have to say that, for the good of my country and the prosperity of my constituents, I would rather have even this Government negotiating on those matters than the European Commission whose interests are diverse, diffuse and not necessarily focused on the best interests of the UK.

Finally, on the fiscal stimulus, countries that are in a position prudently to increase their deficits must make their own decisions about the case for active demand management and the risks attached to it, but the UK clearly does not have the scope to deliver such a stimulus without damaging medium-term fiscal stability. The Commission, to its credit, makes that very clear, and the Government have failed to respond to the warning, simply pretending that the Commission document says something different and claiming that the EU has provided cover for the Government's politically motivated actions when it patently has not.

We cannot endorse this flawed approach, so I urge my right hon. and hon. Friends to vote against the motion.

4.22 pm

Michael Connarty (Linlithgow and East Falkirk) (Lab): I am always amazed at the Conservatives and how they view the world in which they live. They appear not to realise that there is a wolf at the door, but are much happier talking about a bogey man in the cupboard. In reality, we are facing an international collapse in financial credibility and the banking system, so we should be endorsing what the European Union, of which we are a part in terms of policy and decision making, is doing because it is, in fact, copying a strategy designed by this Prime Minister and this Government. That is the reality of it. Every other President, Prime Minister or leader will try to say that they have put in their bit, but the reality is that it was a headless organisation until we put the plan forward that was endorsed.

We have debated this issue before in a European debate: both the framework document and the action plan were debated in early December, just before they went to the European Council on 11 and 12 December and were endorsed by the European Union. I am on the record in that debate, speaking about what I hoped would be endorsed—

Mr. Redwood *rose*—

Mr. MacNeil *rose*—

Michael Connarty: I am not giving way so early in my speech.

The UK acting alone would, quite frankly, not be able to deal with the blows coming from the banking credit implosion—that is what it is throughout the world. I do not use pejorative terms such as "Johnny Foreigner"; I understand the banking system and its international nature. Decisions were taken by some of our so-called great banks—those are the ones that made the greatest errors—so we have the Royal Bank of Scotland with £2 trillion of debt, based on very dubious assets. I studied economics and know what my economics professor would have thought. The Conservative Government took away the rules and we then further loosened them, and he would have been horrified at the leverage on such worthless assets as mortgage debt bundles. This needs to be dealt with on a big scale, and I believe the EU is the best mechanism for doing that.

I thoroughly endorse the Government's approach. I would have preferred it if they had not only "noted" the documents, but actually agreed with them as well. I often wonder whether people ever take the trouble to read the documents that our European Scrutiny Committee endeavours to read from cover to cover. I shall refer to some that have not been referred to in any detail today. They may not have been read yet, as they were put before our Committee only at its most recent meeting, on 12 January.

I welcome the increasing flexibility that—notwithstanding the picture painted by Opposition Front Benchers—is a feature of communications from the European Union on how the crisis should be dealt with. The early papers that were before the Committee in December on the framework document and the document on recovery from the financial crisis were a little rigid and cautious. The very good officers of the House who advised the Committee, for example, said:

"At first blush, some of this"—

that is, the proposal on reinforcing competitiveness—

"seems to include acceleration or resurrection of pre-existing Commission ambitions, for example revision of the European Globalisation Adjustment Fund rules or stepping up investment in Trans-European Networks."

However, the situation has moved on quite a bit since then. I think that Opposition Front Benchers should note the frameworks and endorse them, and also note later documents showing both the Government's willingness to be flexible and—again, contrary to the picture painted by the Opposition—to resist policies of which they were not yet convinced. I shall give examples of that later.

Mr. Redwood: Why does the hon. Gentleman consider this to be a global banking crisis, given that China, India and Japan—countries with colossal economies—have experienced nothing like the problems that the United Kingdom has experienced with the Royal Bank of Scotland?

Michael Connarty: One of our problems is that we became fully involved in a way that I would roundly criticise, without exercising proper caution. There are questions to be asked about the regulatory framework, but we are not here to debate that. I have said the same in statements that I have made both publicly and in the House. The problem began with an attitude towards the banking system that originated with the Conservatives and, sadly, continued under our Government.

I am willing to speak at any time about the Financial Services Authority and the failings in regard to policies on regulatory reform, but that is not the context in which this debate is taking place. We are experiencing a crisis, and we have seen the collapse of the banking system. It has been an international rather than a national development, affecting economies at different levels, but the socialist-leaning economies of the Scandinavian countries seem to be more immune than others.

Mr. MacNeil: The hon. Gentleman mentioned a plan earlier, but the plan that we are currently following is not new. It did not appear in 2008 or 2009; it stems from the problems affecting Sweden in 1992 and 1993. An important part of the Swedish recovery was the setting up of "toxic banks" to take on the toxic assets of other banks, which in the final analysis left the Swedish economy with a total cost of between 1 and 3 per cent. of GDP—less than has already been committed by the United Kingdom Government.

Michael Connarty: As a socialist in the Labour party, I am attracted to the idea of the Swedish model, and if we were to adopt all the other facets of the economy of Sweden—or other Scandinavian countries—I would not mind including the little bit that the hon. Gentleman has just endorsed. However, that is not what we are discussing now, and the Labour agenda does not appear to contain the sweeping changes that would probably be on the agenda of anyone who wished to see a Swedish-style economy in Britain.

Let us return to the topic of today. I believe that in its first flush the recovery plan was correct, and the framework was correct. It was, without doubt, driven by the Government's ideas and responses, and it is right for us to endorse the Government's support for it. We debated this matter in December, although not all the Opposition Members who are present today may have been present then. However, there are five documents tagged to this debate, which I consider very important because they show how the situation is developing. We considered some of them back on 24 November.

Document 4938/08 concerns the response to the final crisis. It refers to the new financial architecture and dealing with the impact on the real economy. The aim was to develop the framework subsequently. The document that was tagged at the same time and could have been read with the same bundle referred to increasing the facility for medium-term balance of payments support for member states. One of the first things that happened was that Hungary found that the facility under EU structures was not capable of alleviating its balance of payments problems. In the old days, before the EU and the resulting co-operation, one country would have done down another, damaging its economic ability. I remember that happening under the Conservatives, and I remember very well similar attacks on the currency when I was a young member of the Labour party under the Wilson Government. However, the EU acted responsibly, and extended support for the Hungarian economy and any other economy facing balance of payments problems.

It is great that we are not now throwing other countries to the dogs to our advantage. We are not short-selling those countries. Sadly, the Government ignored their rule on short selling, and Barclays has been short sold in the past few days. We should never have removed that short selling restriction; we should have left it.

Mr. Bone: The hon. Gentleman's speech is well constructed, but if everything is hunky-dory and we are working together as one big, happy family and no country has been singled out, why has our currency collapsed?

Michael Connarty: It is not collapsing because of attacks on our currency. It is falling because of interest rate and borrowing policies. It is falling because of a natural market pattern, not because of an attack by one economy on another, which is what used to happen. Economies would deliberately do down other currencies, but that is not what is happening now. I agree that being outside the euro at the moment is an advantage for our

[Michael Connarty]

competitiveness, and I am pleased that we are outside it. I would have urged us to go in earlier, but I am willing to recant on that, because our flexibility at this time and in this situation is wonderful.

The European Union will have to show great flexibility with the Irish situation, or Ireland may not be able to sustain its membership of the euro. European document 14306/08, which we also considered on 24 November, changed the interpretation of state aid rules in exceptional circumstances of financial crisis. It is important to realise that state aid policies would have choked off any attempt to deal with the problem of the real economy or support for the financial sector.

Another two documents were tagged, and the Committee considered them only last week, on 12 January. The first gave the context for state rules in guidance on the recapitalisation of banks. It is important to consider that, and I shall quote some of the stated aims of that policy, because there is flexibility in that context. Its purpose is

> "contributing to the restoration of financial stability; helping ensure lending to the real economy; and avoiding systemic effects from insolvency of a financial institution."

That is underpinned by good, sound rules. It continues:

> "Member states' own banks should not obtain an undue competitive advantage over banks in other Member States."

The policy is about flexibility. Not everyone is happy and everything is not hunky-dory, or whatever the hon. Member for Wellingborough (Mr. Bone) said, but there are signs of willingness to try to create a co-operative approach throughout the EU. We would not have had that without the EU, and I commend the Conservative Government who took us into the European Union. I voted yes then, and I would vote yes again.

The document also states that

> "state recapitalisation should not distort the domestic market, banks that seek additional capital in the market should not be put in a significantly less competitive position due to state recapitalisations."

That guidance and those rules, which the EU has agreed, are important. Whether the Commission, Britain, the French or the Germans came up with them does not bother me, nor does it bother my constituents who write to me asking why they cannot obtain credit, and why their bank is taking away the credit that they require for their cash flow to enable them to buy the goods required to manufacture the products to sell to their customers. I have written to the chief executives of the banks of those which have written to me because the banks have to realise that they must show co-operation and flexibility, and the ability exists for them to do that. I hope that we will commend the Government for their endeavours.

I repeat that Opposition Front Benchers appear to want to ignore the wolf at the door to talk about the bogey man in the cupboard. It is time they focused on the real problem. The Commission is not some sort of animal that is out of control. We have control of the Council and I hope that, after the Lisbon treaty, we will have control in the Parliament of dual mandate, which is important and will democratise the process. If we are not willing to engage in that and simply want to call names across the water, we become increasingly ridiculous, but—thank goodness—the Government are not doing that, as the motion shows.

The final document that is tagged to the debate is 17606/1/08, which we considered last week, to amend the 2007 to 2013 financial framework. The intention was to change it in such a way that we moved, for example, €5 billion to trans-European energy connections from the defence of natural resources, and thus try to put the money into the real economy. The idea is worth considering. The Government are not currently convinced about it, and the Committee has not cleared the document because we believe that further dialogue is needed with the Government. However, that shows that the Government are not simply jumping in lock, stock and barrel and accepting every proposal that comes out of the Commission. They want to examine it in detail and see how it will affect our economy and our companies. The right framework and the right plan are being pursued, and they should be endorsed.

Mr. Philip Hammond: While the hon. Gentleman is on the subject of the budgetary framework, has he considered the impact on UK demand and the UK fiscal position of the much higher price that our contributions to the Union will cost the UK Government as a result of the depreciation of sterling against the euro?

Michael Connarty: I am very conscious of that. I have a fairly good degree in economics and I am conscious that that will be a problem for those who pay in sterling and have commitments that they cannot escape because the value of sterling has fallen. We are in that market situation because of the major trauma throughout the system. I believe that it could have been avoided if we had not been so growth conscious, growth hungry and, frankly, greedy. I say "greedy" because, in many respects, we pursued the same philosophy as the previous Conservative Government—that was the problem. We told people that they could have everything, that they did not need to worry about the future and that they could just borrow and buy. Now it is coming home to roost. It frightens people and may destroy lives for a long time. I am not happy about that. I have a much more rational and probably less profligate view of the way the economy should grow than that which has been pursued for the past 25 years. My constituents regret what may come down the line in the next year. However, we are considering an international economic framework and financial plan, which has increasing flexibility.

There may be more flexibility and more debate with our Government about the detail, but the House should endorse the Government's actions in supporting the framework and the plan, and I hope that hon. Members will vote for it if it is pushed to a Division later.

4.38 pm

Mr. Jeremy Browne (Taunton) (LD): There are occasions, albeit less frequent than in the past, when the Chamber feels like the centre of the political world. Today may not be one of those occasions, but we are holding an important debate, and I regret that more time has not been allocated for our discussions.

Following the comments of the hon. Member for Linlithgow and East Falkirk (Michael Connarty), I emphasise that the Liberal Democrats believe that the European Union has a role in addressing the financial crisis. The contamination of the banking sector and the deficits faced by Governments in advanced economies are international phenomena, and the Government are right to work in the G20 with the Administration that will take over 21 minutes from now in the United States.

Of course, four of the seven members of the G7 are EU member states. Therefore, we have within the parameters of the European Union clear scope to try to work to our mutual benefit by addressing some of these common problems. The EU is, of course, also our biggest trading partner, and the United Kingdom is part of the single market and is, therefore, to an extent influenced by decisions taken within the overall European Union that impact on businesses and individuals in this country. The EU also has a greater critical mass than the UK. That is a particularly pertinent issue with regard to the banking sector.

The Conservative spokesman and others have raised the primacy of London within Europe in banking and the financial sector, and I greatly welcome that, but London is now such an international centre, and the scale of the investment—and, in many cases, the debt—held by institutions based in the UK, and often in London, is so vast, that in some cases it threatens to dwarf the ability of the UK Government to deal with, and, if need be, save such institutions. RBS, for example, is now 70 per cent. owned by the UK Government, and if what we read is true, its liabilities are about double the size of the total British economy. If we took on its liabilities and they were put on the overall public balance sheet, we would instantly go from being a country with growing levels of public debt—but levels nevertheless comparable to those of many other leading economies—to a country with much higher levels of public debt. The accountancy might not be done in that way, but the scale of such financial institutions in comparison with the scale of the British state and economy has changed markedly in the last decade, and that has a bearing on how governmental institutions have to regard the current situation. The scale is now completely different from Northern Rock and Bradford & Bingley; now, a few months on, the discussions we were having on them in this Chamber seem quite innocent. When we discuss RBS and Barclays, we are talking about big international institutions.

What conclusions can we draw from reading the documents put before us and from the debate we are having here in the UK? The first is that the bankers themselves have behaved without honour or shame, and many people would like to see greater contrition from them. Secondly, the UK banking sector, and the regulation of it, has been a failure, and the UK Government need to learn the lessons of that failure of regulation. However, we also need to look at the scope for wider European union and for global regulation. There is a balance to be struck, of course, but when institutions operate around the world and do not recognise national borders, there needs to be some regulatory recognition of that reality.

The Government need to know the liabilities that we—the taxpayers—are covering. I echo the sentiments that have been expressed, in this debate and elsewhere, that this is a difficult moment for our Prime Minister. We have got used to his lecturing other EU member states on how he brought an end to boom and bust and how they should follow our example in the UK, but we now find ourselves in a rather more humble position, because although the EU may not be driving growth on a global scale, it is certainly not looking sickly in comparison with the UK.

The EU's framework for action deals with the real economy, and that is the correct focus. There is a need for a fiscal stimulus across the EU to encourage consumer demand, and I do not share the Conservative party view that we should be seeking to choke back consumer demand at this point. Nor do I share—this follows on from the observations made by the previous speaker—the Conservative party's paranoia with regard to the European Union. The shadow Cabinet is split on the Lisbon treaty, on membership of the euro and even on whether the British Government should be temporarily cutting the rate of VAT.

The Conservatives have not given us a clear answer. They may not like the Government's policy on interest rates, but what do they think interest rates ought to be? The Conservative party is keen on telling savers that interest rates have been cut too low, but I understand that, having rescinded its initial stance of not having any views on interest rates, it now completely supports interest rates of 1.5 per cent.—a tenth of what they were under the previous Conservative Government. What does the Conservative party wish the deficit to be? It says that the deficit is far too high, but the party could give us a percentage indication. The previous Conservative Government ran a public annual deficit of 8 per cent. in the early 1990s. Is that roughly what the Conservative party has in mind at the moment, or is that figure too high or too low?

I can understand why the right hon. and learned Member for Rushcliffe (Mr. Clarke) has been brought back to mentor the Conservative shadow Chancellor. All I can say is that if the right hon. and learned Gentleman is offering a similar service to the Liberal Democrat shadow Chancellor, the answer will be, "Thanks, but no thanks," because he does not need his hand holding in the same way. Does the hon. Member for Runnymede and Weybridge (Mr. Hammond) wish to intervene?

Mr. Hammond: After that rant and tirade I wonder whether it is worth the effort, but the hon. Gentleman did ask a question. The Opposition's position is clearly that interest rate decisions are for the Monetary Policy Committee. If he were to look at the motion that we have tabled for tomorrow's debate, he would see that we acknowledge that the reason why interest rates have fallen is perfectly understandable, as are the decisions of the MPC. We have sought to address the problems facing savers through the tax system—if he is able to turn up tomorrow afternoon, he will hear a little more detail.

Mr. Browne: I shall be in the Chamber tomorrow, because I diligently attend debates in this House. The Conservative party is very much giving the impression of being a group of politicians seeking to make this up as they go along—perhaps we will have some coherence from them tomorrow. Their instinctive hostility towards the European Union, as put forward by the hon. Member for Stone (Mr. Cash), the right hon. Member for Wells (Mr. Heathcoat-Amory) and others this afternoon, is not advantageous to the UK's position.

[Mr. Jeremy Browne]

The EU's economic recovery plan offers some useful pointers to the way forward. One of those is the fiscal stimulus, which has been mentioned by the Minister and others. If it is co-ordinated, it will have added effect. The economies of Europe are interdependent to some degree, so there is scope for co-ordinating not only a fiscal stimulus but interest rate policy where that is applicable and likely to be effective. The immediate aspiration is to boost demand in a way that is advantageous to businesses across Europe. It is right to support viable businesses, including through measures such as aiming to speed up the payment of invoices.

I am very cautious about going down the path of propping up businesses that are simply not able to manufacture a product or supply a service for which there is sufficient consumer demand to make those businesses viable. The United States, for example, needs to be extremely cautious about going down this path to any great degree. There are other businesses that are essentially viable but have short-term cash-flow problems, and it is valid to give them the short-term assistance that they need to get over those pressures.

Mr. Hammond: The hon. Gentleman has made a point about US policy on specific industries—I assume it was an allusion to the car industry, in which I know the hon. Member for Luton, North (Kelvin Hopkins) has an interest—so can he tell us what Lib Dem policy is on support for the UK motor industry?

Mr. Browne: I am genuinely fascinated by what the hon. Gentleman infers. I have never been outflanked so far to the left in any debate in which I have spoken in the House. My position on the car industry is that companies that make cars that people want to buy should flourish, and that companies that make cars that people do not want to buy are unlikely to be successful. I am absolutely gobsmacked if the Conservative party's view is that the taxpayer, rather than funding improved schools and hospitals, should support companies that make cars that consumers do not want to buy.

Kelvin Hopkins: Sadly, the hon. Gentleman is talking nonsense. There is a collapse in demand at the moment, and that is why the car industry cannot sell its cars—it is not because people do not want cars. As and when we recover, one hopes that people will start to buy cars again. If we allow the car industry to disappear in the meantime, it will not be able to produce those cars.

Mr. Browne: This is a widening of the debate, but the three big car-making companies based in Michigan in the USA have problems that go beyond this immediate economic cycle. Asian car manufacturers have located themselves in states of the USA, mainly in the south. They are producing cars within the domestic American market, and so not necessarily with cheaper labour costs, although they have probably negotiated better terms with their employees. They are producing cars at a cheaper price that more Americans wish to buy. I am afraid that the big three American car manufacturers have become bloated and complacent.

If we are to learn something from the 1970s, it should be that it is not in the longer-term interests of the economy for the state to continue to support businesses that are not competitive. I am making the distinction between that and the provision of short-term cash-flow support for companies that are essentially viable but find themselves in short-term difficulties. It may sometimes be difficult to distinguish between the two, but it is not that hard in the case of the American car companies. They have problems that, in retrospect, may have been evident for a number of years.

The third matter identified in the economic recovery plan is infrastructure development, with crucial investment to be brought forward. That is important in this country, where for example the house building sector has dried up, but also right across the European Union.

The fourth matter is innovation, and what many of us call a "green new deal". That is a matter on which the EU has provided genuine leadership in the global debate, and the high level of environmental consciousness in the EU and among its citizens means that there is scope for it to continue to lead on energy efficiency and greener transport, for instance by producing cars with lower carbon dioxide emissions. The American car-making market has not been sufficiently mindful of that, which is yet another example of the big manufacturers there being behind the curve and not anticipating changes to consumer demand. The EU can and should take the lead on such matters.

Yesterday, the Commission announced that only Iceland and the Baltic states will suffer a worse recession than the UK. Our economy is anticipated to shrink by 2.8 per cent., unemployment is set to rise towards 3 million in 2009, and the banks are awash with hidden toxic debts that the taxpayer is now having to fund. The Government's own borrowing estimates are constantly being revised upwards, and I ask the Minister whether he or the Chancellor really believe that the UK economy will start to grow again this July. Does anyone in the House or in the country believe that any longer?

We must offer some hope and some optimism that Britain and Europe as a whole will emerge from this crisis, that we will learn the lessons about greed in the banks, which the hon. Member for Linlithgow and East Falkirk mentioned, and about inadequate regulation, and that we can build a better, greener, fairer and more decent society. I believe that that will be the case once we have got through the very difficult months and possibly years ahead.

4.54 pm

Kelvin Hopkins (Luton, North) (Lab): There is not much time left, so I shall try to be brief. I welcome this opportunity to debate the economic crisis and an EU response to it. We are seeing a series of national responses with some more words about co-ordination and solidarity, with the EU limping along behind and coming up with its own strategy. In reality, it is the national strategies that are being undertaken.

It is right that other countries are starting to imitate what Britain has done. We have yet to see whether it will be enough or whether it will work, but at least we have taken some strong action. Germany has now followed suit, although it was initially critical. It is beyond the EU's ability to cope with the crisis, because its whole economic philosophy is inherently deflationist and the opposite of what is required, which is reflation.

The documents that we are considering show some interesting contrasts. The EU is still trying feebly to promote its neo-liberal clap-trap—the very policies on liberalisation, supply-side monetary constraints and so on that have led the world to crisis. The UK Government's response is more realistic and pragmatic and differs significantly in tone from the documents. I am pleased about that. I agreed entirely with the Conservative spokesman when he said that the British Government were a better judge than the European Union of what is best for the British economy.

Even the EU documents have changed their tone between October and November. By November, the supply-side words were still there—the usual nonsense—but the recovery plan had started to talk about swiftly stimulating demand, words that possibly have not featured in EU documents ever before. They perhaps recall the words of Keynes, who saw his way to creating an economic system that worked after the second world war.

Co-ordinated reflation was one of the slogans of those who, like me, long supported the alternative economic strategy, as it was called. Co-ordinated reflation is what we need now, but we will not get it if countries cannot indulge to an extent in some defence of their economies. If they are simply going to reflate and suck in imports, they will not benefit their economies. Some degree of protectionism, I think, will happen. It is already happening in America.

The word "protectionism" has been used as a hostile epithet for the common economic policies that I have supported in the past, but if one looks back to the 1930s, one sees that the depression was caused by deflationist policies, particularly in France and Germany. The hon. Member for Louth and Horncastle (Sir Peter Tapsell) has mentioned that in recent debates, and he is absolutely spot on. When countries reflated behind tariff barriers, it helped them to recover. That was particularly true of Britain. Another way of protecting one's economy, of course, is to depreciate one's currency. We came off the gold standard in 1931, and that helped us to stimulate the economy.

There is also the question of fiscal stimulus. It might be that in the 1930s America did not benefit quite so much from fiscal stimulation, but Britain certainly did. Let us consider Nazi Germany—I would not imitate everything that it did, but it built like there was no tomorrow. It built a massive arms industry and motorways and put all its people back to work. That was not done by monetary measures but by fiscal stimuli and public spending. The economics, if not the politics, were certainly right. I would have built hospitals rather than arms, but it did the right thing.

In the EU, a number of countries are going to suffer badly because they are in the eurozone. Ireland is a particular example. In contrast to what the Liberal Democrat spokesman said, a report in *The Independent* today suggests that Ireland will suffer most, with a 5 per cent. contraction, followed by Germany, interestingly. Germany has always been lauded as the great success in the past, but it is also a mirror image of us. We are a country with a balance of trade deficit, but the Germans have had a balance of trade surplus. That surplus is in serious danger because of declining demand in the international market. The Germans will have a serious problem. Keynes was absolutely right to say that big surpluses and big deficits were wrong and that countries should be able to appreciate or depreciate their currencies to deal with them. If we want stability in the world economy, we have to allow countries to adjust their economies. Indeed, we must encourage them to adjust their economies to ensure that they do not get strongly out of line, as Germany is in one direction and we are in the other.

Spain has got problems, and how is Italy going to recover without withdrawing from the euro and devaluing? I think that Italy has to think seriously about its membership of the eurozone. There have been civil disturbances already in Greece, but I think that Germany has a very serious problem. I hope that the Germans are sufficiently intelligent to deal with it; I worry about disturbances in any country, but disturbances in Germany would be more worrying than most.

This has been a very brief debate and I am running out of time, but I suggest that we must think seriously about reconstructing the Keynesian world that we had between 1945 and 1970. It was regulated and stable, and it grew rapidly, with living standards rising faster than at any other time in our history. We must seriously consider reconstructing the world economy on that basis.

5.1 pm

Mr. William Cash (Stone) (Con): On a day like this, with Barack Obama about to make his inaugural speech as we engage in this debate, we must bear in mind the scale of the problem that my hon. Friend the Member for Runnymede and Weybridge (Mr. Hammond) identified clearly. In the context of this financial crisis, do we want more Europe, or less? I believe that the US wants us to have more Europe, and I have disagreed with that view—and with prominent members of my party on it—for a very long time.

My hon. Friend the Member for Runnymede and Weybridge was right to argue in the context of the City, for example, that it was essential for us to have our own rule-based system. I accept that we might need to share information and attempt to co-operate with EU member states and other countries around the world, but there is a difference between doing that and subjecting ourselves to the rigidities of a legal framework that is not in the interests of our economy or the City of London.

I turn now to the economic recovery plan. As the hon. Member for Luton, North (Kelvin Hopkins) noted, Europe as a whole is in recession at the moment. There is negative growth in Britain and in Ireland, which is in desperate straits, while Spain, France, Italy and Germany all face serious economic problems. For three decades and more, promises have been made about where the European economy would go as a result of the EU's plans. I remember reading the Cecchini report in the 1980s, which set out all the promises and forecasts about how the euro would operate. All of them have been shattered; as I said in an intervention earlier, it is like witnessing the carnage of the Somme to see rules laid down as the paragons of virtue for Europe's economy lying shattered in the dreadful crisis that we are debating today.

In fairness to the Minister, he said that there were differences between the UK and other countries. We know that Germany is deeply worried about how Nicolas Sarkozy, for example, is trying to push for more integration. He is doing that, of course, because France is so dependent on Germany, but the Germans themselves have a real problem.

[Mr. William Cash]

The documents talk about the need to continue with the stability and growth pact. I remember arguing with my right hon. and learned Friend the Member for Rushcliffe (Mr. Clarke) in November 1996 when, in a previous incarnation as Chancellor of the Exchequer, he advocated the pact. Now it is in pieces, and my right hon. Friend the Member for Wokingham (Mr. Redwood) was right to say that its rules have been stretched to a point that renders them completely untenable. The Treasury has admitted that the United Kingdom's GDP deficit could well be 8 per cent., a figure which I know the Minister will confirm. On the figures that I suggested on 7 October in the fiscal rules debate and since, I would say unequivocally that the figure of £1 trillion is nonsense and that in fact the figure is much nearer £2 trillion and possibly £2.5 trillion.

If we take into account genuine financial obligations including public sector pensions and so on, we see that the figures are truly horrendous. I therefore strongly urge that we note the fact that the state aid rules are being stretched and that a change in the over-regulation inflicted on our businesses can be achieved only by applying the rule of the supremacy of Parliament, an amendment on which the Conservative party supported me during the passage of the Legislative and Regulatory Reform Bill, both in the Commons and the Lords. That requires the judiciary to endorse the decisions taken in this House and not at the European level, otherwise we will not get the repeal necessary to reduce the burdens on British business.

The Lisbon agenda does not work either, as Will Hutton indicated when he was a rapporteur in respect of the agenda. On every scale and on every item included in the economic recovery plan, there is no doubt that either the rules have been broken or the established policy does not work, all of which the Minister implicitly admitted by showing that we, like other countries, were having to go down different routes. Because the—

5.7 pm

One and a half hours having elapsed since the commencement of proceedings on the motion, the Deputy Speaker put the Question (Standing Order No. 16).

The House proceeded to a Division.

Mr. Deputy Speaker (Sir Alan Haselhurst): I ask the Serjeant at Arms to investigate the delay in the No Lobby.

The House having divided: Ayes 330, Noes 156.

Division No. 14] **[5.7 pm**

AYES

Ainger, Nick
Ainsworth, rh Mr. Bob
Alexander, Danny
Alexander, rh Mr. Douglas
Allen, Mr. Graham
Anderson, Janet
Armstrong, rh Hilary
Atkins, Charlotte
Austin, Mr. Ian
Austin, John
Bailey, Mr. Adrian
Baird, Vera
Baker, Norman
Balls, rh Ed
Banks, Gordon
Barlow, Ms Celia
Barron, rh Mr. Kevin
Battle, rh John
Bayley, Hugh
Beckett, rh Margaret
Begg, Miss Anne
Beith, rh Sir Alan
Bell, Sir Stuart
Benn, rh Hilary
Berry, Roger
Betts, Mr. Clive
Blackman, Liz
Blackman-Woods, Dr. Roberta
Blizzard, Mr. Bob
Blunkett, rh Mr. David
Borrow, Mr. David S.
Bradshaw, Mr. Ben
Brake, Tom
Brennan, Kevin
Brooke, Annette
Brown, Lyn
Brown, rh Mr. Nicholas
Brown, Mr. Russell
Browne, Mr. Jeremy
Bruce, rh Malcolm
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burgon, Colin
Burnham, rh Andy
Burstow, Mr. Paul
Burt, Lorely
Butler, Ms Dawn
Cable, Dr. Vincent
Caborn, rh Mr. Richard
Cairns, David
Campbell, Mr. Alan
Campbell, Mr. Ronnie
Caton, Mr. Martin
Cawsey, Mr. Ian
Chapman, Ben
Clapham, Mr. Michael
Clark, Ms Katy
Clark, Paul
Clelland, Mr. David
Clwyd, rh Ann
Coaker, Mr. Vernon
Coffey, Ann
Connarty, Michael
Cook, Frank
Cooper, rh Yvette
Corbyn, Jeremy
Cousins, Jim
Creagh, Mary
Cruddas, Jon
Cryer, Mrs. Ann
Cummings, John
Cunningham, Mr. Jim
Cunningham, Tony
Curtis-Thomas, Mrs. Claire
Davey, Mr. Edward
David, Mr. Wayne
Davidson, Mr. Ian
Davies, Mr. Dai
Dean, Mrs. Janet
Devine, Mr. Jim
Dhanda, Mr. Parmjit
Dismore, Mr. Andrew
Dobbin, Jim
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Dowd, Jim
Drew, Mr. David
Eagle, Angela
Eagle, Maria
Ellman, Mrs. Louise
Engel, Natascha
Ennis, Jeff
Etherington, Bill
Farrelly, Paul
Farron, Tim
Field, rh Mr. Frank
Fisher, Mark
Fitzpatrick, Jim
Flello, Mr. Robert
Flynn, Paul
Follett, Barbara
Foster, Mr. Don
Francis, Dr. Hywel
Gapes, Mike
Gardiner, Barry
George, Andrew
George, rh Mr. Bruce
Gerrard, Mr. Neil
Gidley, Sandra
Gilroy, Linda
Godsiff, Mr. Roger
Goodman, Helen
Griffith, Nia
Grogan, Mr. John
Gwynne, Andrew
Hain, rh Mr. Peter
Hall, Mr. Mike
Hamilton, Mr. David
Hamilton, Mr. Fabian
Hancock, Mr. Mike
Hanson, rh Mr. David
Harman, rh Ms Harriet
Harris, Dr. Evan
Harris, Mr. Tom
Harvey, Nick
Havard, Mr. Dai
Healey, rh John
Heath, Mr. David
Hemming, John
Hepburn, Mr. Stephen
Heppell, Mr. John
Heyes, David
Hillier, Meg
Hodgson, Mrs. Sharon
Holmes, Paul
Hoon, rh Mr. Geoffrey
Hope, Phil
Hopkins, Kelvin
Horwood, Martin
Howarth, David
Howarth, rh Mr. George
Howells, Dr. Kim
Hoyle, Mr. Lindsay
Hughes, rh Beverley
Huhne, Chris
Humble, Mrs. Joan
Hunter, Mark
Iddon, Dr. Brian
Illsley, Mr. Eric
Ingram, rh Mr. Adam
Irranca-Davies, Huw
James, Mrs. Siân C.
Jenkins, Mr. Brian
Johnson, rh Alan
Johnson, Ms Diana R.
Jones, Helen
Jones, Mr. Kevan
Jones, Lynne
Jones, Mr. Martyn
Jowell, rh Tessa
Joyce, Mr. Eric
Kaufman, rh Sir Gerald
Keeble, Ms Sally
Keeley, Barbara
Keen, Alan
Keen, Ann
Kelly, rh Ruth

Kemp, Mr. Fraser
Kennedy, rh Mr. Charles
Kennedy, rh Jane
Khan, Mr. Sadiq
Kidney, Mr. David
Kilfoyle, Mr. Peter
Knight, rh Jim
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Laxton, Mr. Bob
Leech, Mr. John
Lepper, David
Levitt, Tom
Lewis, Mr. Ivan
Linton, Martin
Lloyd, Tony
Llwyd, Mr. Elfyn
Love, Mr. Andrew
Mackinlay, Andrew
MacNeil, Mr. Angus
MacShane, rh Mr. Denis
Mactaggart, Fiona
Malik, Mr. Shahid
Mallaber, Judy
Mann, John
Marris, Rob
Marsden, Mr. Gordon
Mason, John
McAvoy, rh Mr. Thomas
McCafferty, Chris
McCarthy, Kerry
McCarthy-Fry, Sarah
McCartney, rh Mr. Ian
McDonagh, Siobhain
McFadden, rh Mr. Pat
McFall, rh John
McGovern, Mr. Jim
McGuire, rh Mrs. Anne
McIsaac, Shona
McKechin, Ann
McKenna, Rosemary
McNulty, rh Mr. Tony
Meale, Mr. Alan
Merron, Gillian
Michael, rh Alun
Milburn, rh Mr. Alan
Miliband, rh David
Miliband, rh Edward
Miller, Andrew
Mitchell, Mr. Austin
Moffat, Anne
Moon, Mrs. Madeleine
Moore, Mr. Michael
Moran, Margaret
Morgan, Julie
Morley, rh Mr. Elliot
Mudie, Mr. George
Mullin, Mr. Chris
Munn, Meg
Murphy, Mr. Denis
Murphy, rh Mr. Jim
Murphy, rh Mr. Paul
Naysmith, Dr. Doug
Norris, Dan
O'Brien, Mr. Mike
O'Hara, Mr. Edward
Olner, Mr. Bill
Osborne, Sandra
Owen, Albert
Pearson, Ian
Pope, Mr. Greg
Pound, Stephen
Prentice, Bridget
Prentice, Mr. Gordon
Primarolo, rh Dawn
Prosser, Gwyn
Pugh, Dr. John
Purchase, Mr. Ken
Purnell, rh James
Raynsford, rh Mr. Nick
Reed, Mr. Jamie
Reid, Mr. Alan
Reid, rh John
Rennie, Willie
Riordan, Mrs. Linda
Robertson, John
Rogerson, Dan
Rowen, Paul
Roy, Mr. Frank
Roy, Lindsay
Ruane, Chris
Ruddock, Joan
Russell, Bob
Russell, Christine
Ryan, rh Joan
Salter, Martin
Sanders, Mr. Adrian
Sarwar, Mr. Mohammad
Seabeck, Alison
Sharma, Mr. Virendra
Shaw, Jonathan
Sheerman, Mr. Barry
Sheridan, Jim
Simon, Mr. Siôn
Simpson, Alan
Singh, Mr. Marsha
Skinner, Mr. Dennis
Slaughter, Mr. Andy
Smith, rh Mr. Andrew
Smith, Ms Angela C.
(Sheffield, Hillsborough)
Smith, Angela E. *(Basildon)*
Smith, rh Jacqui
Smith, John
Smith, Sir Robert
Soulsby, Sir Peter
Southworth, Helen
Spellar, rh Mr. John
Starkey, Dr. Phyllis
Stewart, Ian
Stoate, Dr. Howard
Strang, rh Dr. Gavin
Straw, rh Mr. Jack
Stringer, Graham
Stunell, Andrew
Sutcliffe, Mr. Gerry
Tami, Mark
Taylor, Ms Dari
Taylor, David
Timms, rh Mr. Stephen
Tipping, Paddy
Todd, Mr. Mark
Touhig, rh Mr. Don
Trickett, Jon
Truswell, Mr. Paul
Turner, Mr. Neil
Twigg, Derek
Vis, Dr. Rudi
Waltho, Lynda
Ward, Claire
Watson, Mr. Tom
Watts, Mr. Dave
Weir, Mr. Mike
Whitehead, Dr. Alan
Wicks, rh Malcolm
Williams, rh Mr. Alan
Williams, Mrs. Betty
Williams, Hywel
Williams, Mark
Williams, Mr. Roger
Willott, Jenny
Wills, rh Mr. Michael
Wilson, Phil
Winnick, Mr. David
Winterton, rh Ms Rosie
Wishart, Pete
Wood, Mike
Woodward, rh Mr. Shaun
Woolas, Mr. Phil
Wright, David
Wright, Dr. Tony
Wyatt, Derek
Younger-Ross, Richard

Tellers for the Ayes:
Chris Mole and
Ian Lucas

NOES

Afriyie, Adam
Ainsworth, Mr. Peter
Amess, Mr. David
Ancram, rh Mr. Michael
Arbuthnot, rh Mr. James
Atkinson, Mr. Peter
Baldry, Tony
Barker, Gregory
Baron, Mr. John
Bellingham, Mr. Henry
Benyon, Mr. Richard
Bercow, John
Bone, Mr. Peter
Boswell, Mr. Tim
Bottomley, Peter
Brady, Mr. Graham
Brazier, Mr. Julian
Brokenshire, James
Browning, Angela
Burt, Alistair
Butterfill, Sir John
Carswell, Mr. Douglas
Cash, Mr. William
Chope, Mr. Christopher
Clappison, Mr. James
Clark, Greg
Clarke, rh Mr. Kenneth
Clifton-Brown, Mr. Geoffrey
Cormack, Sir Patrick
Crabb, Mr. Stephen
Davies, Philip
Davis, rh David
Djanogly, Mr. Jonathan
Dorrell, rh Mr. Stephen
Dorries, Mrs. Nadine
Duddridge, James
Duncan, Alan
Duncan Smith, rh Mr. Iain
Dunne, Mr. Philip
Evans, Mr. Nigel
Evennett, Mr. David
Fabricant, Michael
Fallon, Mr. Michael
Field, Mr. Mark
Fox, Dr. Liam
Francois, Mr. Mark
Fraser, Christopher
Gale, Mr. Roger
Garnier, Mr. Edward
Gauke, Mr. David
Gibb, Mr. Nick
Gillan, Mrs. Cheryl
Goodman, Mr. Paul
Goodwill, Mr. Robert
Gove, Michael
Gray, Mr. James
Grayling, Chris
Green, Damian
Greening, Justine
Greenway, Mr. John
Grieve, Mr. Dominic
Hague, rh Mr. William
Hammond, Mr. Philip
Hammond, Stephen
Hands, Mr. Greg
Harper, Mr. Mark
Hayes, Mr. John
Heathcoat-Amory, rh
Mr. David
Hendry, Charles
Herbert, Nick
Hoban, Mr. Mark
Hollobone, Mr. Philip
Holloway, Mr. Adam
Hunt, Mr. Jeremy
Hurd, Mr. Nick
Jack, rh Mr. Michael
Jackson, Mr. Stewart
Jenkin, Mr. Bernard
Jones, Mr. David
Kawczynski, Daniel
Key, Robert
Kirkbride, Miss Julie
Knight, rh Mr. Greg
Laing, Mrs. Eleanor
Lait, Mrs. Jacqui
Lancaster, Mr. Mark
Letwin, rh Mr. Oliver
Lewis, Dr. Julian
Liddell-Grainger, Mr. Ian
Lidington, Mr. David
Lilley, rh Mr. Peter
Loughton, Tim
Main, Anne
Malins, Mr. Humfrey
Maude, rh Mr. Francis
May, rh Mrs. Theresa
McIntosh, Miss Anne
McLoughlin, rh Mr. Patrick
Mercer, Patrick
Miller, Mrs. Maria
Milton, Anne
Mitchell, Mr. Andrew
Moss, Mr. Malcolm
Mundell, David
Murrison, Dr. Andrew
Neill, Robert
Newmark, Mr. Brooks
O'Brien, Mr. Stephen
Osborne, Mr. George
Ottaway, Richard
Paice, Mr. James
Paterson, Mr. Owen
Penning, Mike
Prisk, Mr. Mark
Pritchard, Mark

Randall, Mr. John
Redwood, rh Mr. John
Robathan, Mr. Andrew
Robertson, Mr. Laurence
Rosindell, Andrew
Ruffley, Mr. David
Scott, Mr. Lee
Selous, Andrew
Shapps, Grant
Shepherd, Mr. Richard
Simpson, Mr. Keith
Spelman, Mrs. Caroline
Spicer, Sir Michael
Spink, Bob
Spring, Mr. Richard
Steen, Mr. Anthony
Stuart, Mr. Graham
Swire, Mr. Hugo
Syms, Mr. Robert
Taylor, Mr. Ian
Timpson, Mr. Edward
Tredinnick, David
Turner, Mr. Andrew
Tyrie, Mr. Andrew
Vaizey, Mr. Edward
Vara, Mr. Shailesh
Viggers, Sir Peter
Villiers, Mrs. Theresa
Walker, Mr. Charles
Wallace, Mr. Ben
Walter, Mr. Robert
Waterson, Mr. Nigel
Watkinson, Angela
Whittingdale, Mr. John
Widdecombe, rh Miss Ann
Willetts, Mr. David
Wilshire, Mr. David
Wilson, Mr. Rob
Winterton, Ann
Winterton, Sir Nicholas
Young, rh Sir George

Tellers for the Noes:

Bill Wiggin and
Jeremy Wright

Question accordingly agreed to.

Resolved,

That this House takes note of European Union Documents No. 14938/08, Commission Communication: From financial crisis to recovery: A European framework for action and No. 16097/08, Commission Communication: A European economic recovery plan, and endorses the Government's approach to discussions with European partners on these issues.

Financial Management

Mr. Deputy Speaker (Sir Alan Haselhurst): Before I call the Economic Secretary, may I say that as the Front Benchers took 63 minutes out of the 90 on the previous motion, I hope that there will be a little more awareness of the number of Back Benchers wishing to take part in this debate? I shall try to vary the cast to some extent.

5.22 pm

The Economic Secretary to the Treasury (Ian Pearson): I beg to move,

That this House takes note of an unnumbered Explanatory Memorandum from HM Treasury dated 4 December 2008, European Court of Auditors 2007 Annual Report, an unnumbered Explanatory Memorandum from the Department for International Development dated 8 January 2009, European Court of Auditors Annual Report on the activities funded by the seventh, eighth and ninth European Development Funds, European Union Documents No. 12156/08 and Addenda 1 and 2: Protection of the financial interests of the Communities: Fight against fraud, No. 12471/08 and Addendum 1: Annual report to the discharge authority on internal audits carried out in 2007, and No. 12472/08: Report on the progress at 31 March 2008 on the modernisation of the accounting system, an unnumbered Explanatory Memorandum from HM Treasury dated 16 October 2008, European Anti-Fraud Office: eighth activity report for the period 1 January to 31 December 2007, and European Union Documents No. 14480/08 and Addendum 1: Commission Report to the Council on the follow-up to 2006 Discharge Decisions (Summary)—Council recommendations, and No. 14481/08 and Addendum 1: Commission Report to the European Parliament on the follow-up to 2006 Discharge Decisions (Summary)—European Parliament Resolutions; and supports the Government's promotion of measures to improve the level of assurance given on the Community budget.

I am pleased that we are able to have this debate on EU financial management issues on the Floor of this Chamber for the first time in three years. I appreciate that there are other attractions taking place at the moment, most noticeably the inaugural address of the 44th President of the United States, but Parliament rightly attaches great importance to the protection of the financial interests of EU taxpayers. Even though this debate might be relatively sparsely attended, I am sure that there will be other opportunities to address some of the issues that have been talked about today.

Bob Spink (Castle Point) (Ind): The Economic Secretary has started generously, and that is characteristic, but what value can we put on any of these documents, and what confidence can we have in them, when the EU is totally unable to get its accounts audited? The reasons for the lack of audit are not minor errors, but major deficits and major spending errors in each of the main heads. What confidence can we have in any of this? Is it not just nonsense?

Ian Pearson: It is not nonsense; it is an important part of the scrutiny process. The hon. Gentleman got to the nub of the question, and in a few moments I will address directly the issues that he raised.

This is a timely debate, because on 10 February, European Finance Ministers will meet at ECOFIN to make their recommendations to the European Parliament on the discharge of the 2007 budget. I look forward to hearing hon. Members' views today; I am sure that they will be useful in helping to shape the UK's position in the run-up to those Council discussions.

Regrettably, today we are faced with the inability of the European Court of Auditors to give a positive statement of assurance on the EU's accounts for the 14th consecutive year. I want to be clear from the outset that the Government consider the situation entirely unacceptable. It is simply not good enough that the majority of the EU budget suffers from a material level of error; errors affect more than 2 per cent. of expenditure in most policy areas. On expenditure on the structural and cohesion funds, the court estimated error of 11 per cent., or approximately £4 billion. That is a particular concern, as is the Court's opinion that the member states' and the Commission's supervisory systems are only partially effective in ensuring the legality and regularity of transactions in that significant area of EU budget expenditure.

It is disappointing that the Court was unable to give a positive opinion on agricultural expenditure; last year, it anticipated that it would be able to do so. In that area, it estimates that the material level of error still lies between 2 and 5 per cent., which is between €1 billion and €2.7 billion. European Union taxpayers deserve better.

Philip Davies (Shipley) (Con): It really is not good enough for the Minister to say, "It's not good enough of the European Union." Surely the problem is that each year the accounts are not signed off, but the following year the UK Government give even more money to the European Union. In what other case would the Treasury agree to give ever more money each year to an organisation that had not had its accounts signed off properly? Surely the answer is for the UK Government to say, "We won't give you any more money until you get your accounts signed off properly."

Ian Pearson: I certainly agree that European Union taxpayers deserve better. Before turning to some of the key actions that we believe are needed to deal with the recurrent problem, I want to mention the improvements that have taken place in recent years. In many instances, they are in large part due to the UK's continued pressure on financial management issues.

The European Court of Auditors has again been able to give a positive opinion on 40 per cent. of EU budget expenditure. That compares to 35 per cent. in 2005 and just 6 per cent. in 2003. It is not good enough, but still a significant improvement. This year, the Court for the first time gave a positive opinion on the reliability of the EU's accounts with no reservations. The accruals-based accounting system introduced by the Commission in 2005, with our support, is now fully on stream and is successfully giving the Commission greater control of its day-to-day finances, enabling it to produce more accurate financial information. The estimated level of error for agricultural transactions outside rural development programmes remains "immaterial", and the whole European agricultural guarantee fund, which makes up the majority of agriculture expenditure, has received a positive statement of assurance from the Court.

Bob Spink: When can we expect pragmatic progress on reform of the common agricultural policy, and when that progress takes place, what financial benefits will there be for the UK? What savings will be passed on to the UK? What cuts can we make to the amount of money that we are providing to subsidise agriculture in the rest of Europe?

Ian Pearson: As the hon. Gentleman is aware, it is a long-standing policy of the Government to seek fundamental reform of EU finances. Spend on agriculture accounts for 40 per cent. of the EU budget; we do not believe that that faces modern realities, and we will continue, through the review process that is under way, to ensure that we negotiate and make our points clear.

Mr. Peter Bone (Wellingborough) (Con): When we agreed to the massive increase in contributions to the EU, was it not the Government's position that we did so only because, during the French presidency, the CAP was to be reformed and there would be a massive reduction in expenditure? That just did not happen.

Ian Pearson: There has been reform, although in the UK's view there needs to be further reform. The hon. Gentleman will be aware that the EU budget is going to go down in this financial year, compared to the previous financial year. I would have thought that he would welcome that.

Mr. David Heathcoat-Amory (Wells) (Con): Will the Minister comment on page 210 of the pre-Budget report, which shows in a small footnote that our net contributions to the EU budget are increasing from £2 billion this year to £6.5 billion in two years' time? In the light of the appalling mismanagement and waste shown by the European Court of Auditors, to which he has just alluded, can he instance any other Government programme that is increasing by that magnitude?

Ian Pearson: I do not have to hand the detailed figures that the right hon. Gentleman has quoted, so I cannot verify or comment on them. However, if I can find an opportunity to look at them during the debate, I will certainly respond to him in closing it.

I must emphasise that the disappointing error rates highlighted in this year's report should not be mistaken for widespread fraud in the European Union budget. As the 2007 "Fight Against Fraud" report makes clear, overall levels of estimated fraud remain relatively low, at approximately 0.2 per cent. across the 2007 budget, affecting 0.1 per cent. of agriculture spending and 0.3 per cent. of structural and cohesion fund spending. No level of fraud or corruption can be tolerated, and I welcome the increased activities of the European Anti-Fraud Office to stamp out the fraud that exists.

However, fraud is not the main issue that we face; it is administrative errors that lead to payments that do not fully conform to the regulations in place. It is clear that much more still needs to be done by all actors involved, across the European Community, to reduce the number of irregular payments made each year. We will keep pressing the Commission to do three things. First, it should continue to seek opportunities to simplify the procedures and regulations governing expenditure, the complex nature of which is repeatedly highlighted in the Court's report as the cause of so many errors. Secondly, we want more done to ensure that effective internal control standards are rolled out across the board. Thirdly, we want the Commission to work with

[Ian Pearson]

programme co-ordinators and the ECA to agree a common interpretation of programme requirements early in an expenditure period.

Equally important, however, is the crucial role that member states have to play in the process. Agricultural and cohesion fund spending make up more than 80 per cent. of EU expenditure, most of which is managed at the member state level. Only when member states take full responsibility and act to reduce the number of errors in the transactions that they manage will a positive statement of assurance be obtained. The UK will continue to keep up the pressure and to lead by example on that front. We did so recently, in July, by publishing the first annual consolidated statement on the use of EU funds in the UK, along with the National Audit Office's full audit report, which gave an unqualified opinion on the regularity of transactions in the United Kingdom.

That initiative will improve the accountability to Parliament of the use of EU funds in the UK and help to provide increased assurance on our use of such funds to the UK taxpayer. It will also highlight any weaknesses in our control and management systems, helping us continually to improve our management of EU funds. The UK's statement, along with those published by Denmark and the Netherlands, has been welcomed by the Commission and the ECA, and we will continue to encourage other member states to follow suit.

Finally, it is important that we continue to make the case for more effective and efficient expenditure. As well as having to be spent properly, taxpayers' money must be spent well. We believe that some measures could be taken immediately to improve matters. Better use should be made of the European Court of Auditors' performance reports, to inform the budget-setting process and to ensure that money is allocated where it will deliver results. We also believe that a clearer link is needed between high-level priorities and the budgetary implications in the Commission's annual policy strategy, to enable more effective scrutiny of allocations proposed by the Commission.

Mr. William Cash (Stone) (Con): The Minister might be aware that I am the chairman or vice-chairman of several all-party parliamentary groups dealing with Africa, in particular the all-party group on water and sanitation in the third world. Does he accept that the increase in the number of cases in Africa in which OLAF has had serious difficulties is a matter of grave concern? Effectively, when the external aid is itself subject to fraud on the scale that appears to be evident in Africa, it means that people there are not getting water and are dying of cholera. Does the Minister not agree that the necessity to link up with the Department for International Development is essential?

Ian Pearson: I certainly agree that links with DFID are very important, and of course fraud is simply unacceptable, wherever it takes place. The hon. Gentleman referred to the budget for Africa. The EU's international budget has been the subject of substantial discussion, and the European Court of Auditors looks at it just as it looks at the other elements of EU expenditure. The United Kingdom's objective is to ensure that we continue to make progress on ensuring that the Commission is spending money in the right areas, spending it efficiently and effectively, and cutting down on error. Also, as I said earlier, we must ensure that the individual member states that co-manage much of the European funding spend that money in the right directions, take full responsibility and cut down on error.

More fundamentally, we need to continue to work tirelessly to refocus spending—a point made earlier by the hon. Member for Castle Point (Bob Spink)—to meet the challenges of the 21st century, through the review of the budget process that is now under way. In our view, a budget that devotes such a high proportion of spending to the common agricultural policy clearly remains in need of far-reaching reform, and we will continue to make those points very strongly.

Before I finish, I want to address the point about the depreciation of sterling that a number of hon. Members raised during the previous debate.

John Reid (Airdrie and Shotts) (Lab): I have waited until my hon. Friend reached his final remarks before asking him a question that is pertinent to the intrinsic message that he has been sending out today, which is that the efficient working of the European Union depends on three things: oversight; transparency; and proper regulation and efficiency. Are the Government considering taking the burden of the lessons relating to the internal regulation of the European Union and applying it to external institutions at European level, including the banks? Are there not lessons to be learned from the documents that we have been reading today, on the subject of this debate, which would encourage us to move towards some kind of controlled exchange—at European level as well as in regard to sterling—incorporating oversight, regulation and, essentially, transparency? Will he consider looking at that proposal at Government level?

Ian Pearson: I know that my right hon. Friend has done a lot of work in this area, and that he has strong views on these matters, which he is putting forward across other parts of the Government at the moment. Clearly, what we are talking about here is the financial management of the EU budget and its spending. He rightly made a point about the banking system, and he will have seen the announcement that the Government made only yesterday on further support to ensure the stability of the banking system and the continued lending that we believe to be absolutely necessary. Clearly, there are lessons to be learned internationally as well as nationally from the financial crisis, but as they were touched on in the preceding debate, I will not deal with them substantially here. Nevertheless, my right hon. Friend makes an important point.

I said that I wanted to speak about the depreciation of sterling and its effect on EU budget contributions. I think that there is perhaps some misunderstanding among some Members as well as among people outside about the impact of sterling's recent depreciation on our contributions to the EU budget. That depreciation will lead to a small increase in UK gross contributions, but it is likely to be more than offset by an increase in the sterling value of UK receipts, which will mean that the UK benefits rather than loses out in net terms.

It is not the case that if the pound depreciates by 20 per cent., UK contributions increase by 20 per cent. The actual effect is much smaller. Let me explain why.

UK and other member state contributions are not fixed in cash amounts, but are based on country contributions, largely made as a fixed proportion of their gross national income as measured in euros. Depreciation of sterling therefore acts to reduce our budget contributions in euros, creating a budget shortfall that all member states must make up in proportion to their GNI. While the UK incurs some costs, they are offset considerably by the remaining member states. We pay our GNI share of the shortfall—not 2 per cent., but our GNI share, which is likely to be roughly 12 per cent. of the total budget, so it amounts to a 2.5 per cent. additional contribution. On the other hand, there is generally a one-to-one effect on receipts, so a 20 per cent. depreciation of sterling will see UK receipts rise by 20 per cent. Although contributions are larger than receipts, the net effect will be far less than 20 per cent., meaning that we are likely to gain overall. I hope that that is helpful in explaining the overall budgetary position.

Mr. Bone: It is useful to hear that from the Economic Secretary, but I have here a document signed by him that says that in 2009-10, our budget in the EU will increase by €670 million, which seems somewhat at odds with what he just said.

Mr. Deputy Speaker: Order. I am sure that this is extremely interesting to the House, but it is actually moving outside the scope of the several documents that we are supposed to be debating.

Ian Pearson: I will therefore not pursue this matter; I am sure we will have further opportunities to do so. I felt it important to correct the misperception out there at the moment that the recent depreciation of sterling will have a significant impact meaning that we will have to pay more to the EU budget, which is not the case.

I have outlined the key points that we intend to take to ECOFIN.

Bob Spink *rose—*

Ian Pearson: Before I finish, I give way for the last time to the hon. Gentleman.

Bob Spink: I was grateful to the Minister for his explanation regarding depreciation, which I thought was germane to financial management in Europe. On financial management, given that the recession will be harder and deeper in the UK than in much of the rest of Europe, and as the UK is subsidising the rest of Europe through the EU recovery plan, will the Minister remind us just how much the UK will be putting into the EU recovery plan to finance other states that are doing better than us?

Mr. Deputy Speaker: Order. I think that my ruling on how germane that subject was should be accepted by the House.

Ian Pearson: I am sure that the hon. Member for Castle Point raised those points in the previous debate, which dealt principally with the economic recovery plan. The issues that we have debated today are important when it comes to the effective and efficient management of EU budgets—by the Commission itself and by individual member states.

Although some improvements have been made, further major improvements—which I have described today—are clearly required. We intend to take them to ECOFIN, and to include them in the ongoing financial management discussions that we hold in the Commission and the other usual forums.

I look forward to hearing hon. Members' views today.

5.45 pm

Mr. David Gauke (South-West Hertfordshire) (Con): I shall bear your strictures in mind, Mr. Deputy Speaker. I think that a number of Members will wish to speak—those, that is, who have not been distracted by the inauguration speech of President Obama. The challenge for us, of course, is to find the words and phrases that shall resonate throughout the world and through future generations. Are we capable of doing so? I suspect that the answer is "No we can't", but none the less we have an important issue to debate, and I am grateful to the European Scrutiny Committee for enabling us to do so on the Floor of the House.

This is not the first occasion on which I have represented my party in these debates. It is, I think generally, with a degree of weariness that we address this issue—that probably applies to Labour Members as well—because yet again we are faced with the European Court of Auditors' failure to sign off the European Union's expenditure. Once again the Minister says that that is unacceptable, and once again the Opposition say that it is unacceptable. The Minister has outlined some of the ways in which the Government seek to address it, but, if we are honest, all of us expect to be here—or upstairs in Committee—in the same position next year, with the European Court of Auditors having failed to sign off the 2008 accounts.

There is that sense of weariness, but there is also a sense of frustration. I think that that applies regardless of one's views on the European Union. It is hugely frustrating that, at a time when we are all tightening our belts—households, businesses and indeed Governments, although some of us perceive greater urgency than others in that regard—huge amounts of European Union funds are still being wasted by the EU and by member states. The fact that that money is not being spent wisely is all the more significant in the light of the point made by my right hon. Friend the Member for Wells (Mr. Heathcoat-Amory) about the increase in our contribution.

I have no intention of becoming involved in the debate about the impact of depreciation generally, and I am grateful to the Minister for his helpful explanation to the House, but the fact remains that—as has already been pointed out—we have seen an element of our rebate negotiated away, and it would be helpful if the Minister could update the House on that. When we discussed the value of the rebate that had been negotiated away, this time last year and in the debate on the legislation that formalised the arrangement, the cost was estimated at £7.4 billion over the next accounting period of six years. I hope that when he winds up the debate the Minister will have an opportunity to give us some idea of the updated cost of the rebate surrender, because I suspect that there is such a cost, and the fall in the pound is expensive to United Kingdom taxpayers in that context.

[Mr. David Gauke]

The first question that we must ask ourselves in relation to the European Court of Auditors is "Have things got better?" Every year some improvement is expected, but it appears that the answer is no. Since 2006-07 the value of irregularities has increased from €804 million to €1,048 million, and over the same period the value of fraud has increased from €189 million to €209 million. I take the point that, for the vast majority of the money involved, the problem is not fraud; it is irregularity, but it is not always clear when one becomes the other. Some reporting from member states simply states that something is an irregularity, and there is insufficient explanation of what constitutes fraud, so it is not always clear.

Under the individual budget headings, the number of irregularities in the structural and cohesion funds has increased by 19.2 per cent. to 3,832, and the value of those irregularities has increased by 17.7 per cent. to €828 million. On agriculture, the Minister, to be fair, highlighted that last year's Court of Auditors' report anticipated that the irregularities would be addressed. Indeed, the then Financial Secretary, the right hon. Member for Liverpool, Wavertree (Jane Kennedy), spoke about the matter last year and highlighted it as one about which we could be optimistic. But serious irregularities are found in one fifth of all payments sampled in that very sector, which was supposed to be improving.

Some people defend the Commission by saying that the problem is all the fault of member states. I, for one, acknowledge that there is an important role for those states, and that there are failures at that level, but the Commission is ultimately responsible for the legality and regularity of transactions underlying European Community accounts; it designs the paperwork that is too complex to understand; and it fails to check that the paperwork is properly completed. The European Court of Auditors is clear about that. It says that the Commission is unable to demonstrate comprehensively for 2007 that supervisory and control systems are sufficiently effective in mitigating the risk of error in certain policy areas. The Commission has a role, but is failing to perform it.

A spokesman for the Commission has said that it is not all its fault, and that blaming it is like blaming a referee for all the fouls committed in a football match. I am a football fan and that may be a fair analogy, but when players in a football match are kicking lumps out of each other and the referee fails to enforce the rules adequately, the referee is responsible and should not be allowed to continue to referee matches. The Commission is failing in its responsibilities.

When the UK held the presidency, it said that it would focus on fraud and irregularities, but years later there has been little progress. When the noble Lord Kinnock was the Commissioner responsible for such matters, he said that he would tackle the problem, but his most notable action was to sack a whistleblower who identified fraud and irregularity. A key objective of the Barroso Commission has been to address the matter, but it has failed.

The Court of Auditors, in the context of the action plan developed by the Commission, which it tried to implement and to which it points to show that progress is being made, said that

> "the Commission is not able to demonstrate that its actions to improve supervisory and control systems have been effective in mitigating the risk of error in large parts of the budget. The court does not yet find evidence to support the impact of the action plan claimed by the Commission."

Indeed, one MEP estimated that it will take 20 years to obtain a statement of assurance. When does the Minister think such a statement will be delivered on European Union expenditure? How long must we wait?

I said that there is a role for member states. How does the Economic Secretary think the Government are performing with regard to irregularities in EU spending? The only cohesion spending programme sampled by the Court of Auditors showed that the UK has only a partially effective financial control system. This time last year, we debated in some detail the finding that European regional development funds in the north-west of England had not been spent appropriately, and the Commission was seeking to claw back some £20 million. The BBC and *The Times* reported in November last year that the Commission was seeking to claw back in total—this does not apply to just one year's expenditure—some £190 million. Can the Government confirm that that is the case? What is their estimate of the funds that may be clawed back by the Commission and how satisfied are they generally that they can spend European Union money without irregularity or fraud?

Once again, there have been significant failures by member states and the Commission, and there is a depressing lack of progress. When will something be done? The widely held view is that there is something endemic, and perhaps institutional, about the problem. Member states raise taxes, and make contributions to the European Union which are then divided among member states to be spent, but there is an essential lack of ownership of the expenditure from the European Union. No one really believes that it is theirs, and the same level of care and attention that one hopes is given to member states' own money is not applied to anything like the same extent to money from the EU. Consequently, there is failure after failure, irregularity after irregularity, and levels of fraud that shame member states and the Commission.

Mr. Drew: One area that the EU has signed up to do something about is tax havens and ensuring the legitimate use of money. President Obama has also made some straightforward statements about that. Is that not something that the EU should press as a matter of urgency, because it involves not just money that is spent formally through the budget, but money that works its way through the system, often through those tax havens?

Mr. Gauke: I am grateful for that observation. It is right to tackle tax havens and to share information with offshore centres as much as possible. That effectively means obtaining information about what happens in those centres. Whether that is a European issue, or whether it is best done by member states, it is clearly important. I do not know how central that is to our debate today, but I am grateful to the hon. Gentleman for his observation.

We sometimes go through the motions in such debates. None the less, the issue is hugely important. British taxpayers are becoming increasingly frustrated, and look to the Government to do something about it, but year after year we return to the issue with little sign of progress and no clear sense of direction from the Government. One detects weariness on the Government's part that there is little that they can or will do. That is unacceptable. Greater efforts should be made, and there is a need for greater transparency in the system.

Mr. Heathcoat-Amory: My hon. Friend has made the good point that reform is required. Of course, reform was mandated seven years ago in the Laeken declaration, when it was realised that Europe was too remote, bureaucratic and wasteful. Does he find it extraordinary that the Lisbon treaty and the European constitution out of which it grew have nothing to say about the matter? The acknowledged weakness, which has become a scandal, was not addressed in the very instrument—the Convention on the Future of Europe—that was told to reform Europe. Will my hon. Friend, in what are clearly his closing remarks, commit himself and our party to undertaking a genuine reform process, which goes to the root of the problem, rather than simply building stronger and more powerful institutions that are even more remote from the citizen?

Mr. Gauke: I am grateful to my right hon. Friend for his comments. I do not know whether he intends to make further remarks in the debate, but he makes an important point. If I may sing his praises, I understand that, when he served on the Convention, he was almost alone in arguing that any reform of the European constitutional documents should focus on the subject of our debate. Too easily, member states and the European institutions focused on closer integration and building up the institutions rather than addressing the real concerns about what the European Union currently does. I have no doubt that one of the biggest concerns of people in this country is the EU's failure to spend money wisely, and without irregularities and fraud.

Future reform and attempts to change the structures and so on must focus on bread and butter issues and address the effective working of what we have, rather than effecting some utopian—or dystopian, depending on one's point of view—vision for the European Union. I am grateful to my right hon. Friend for making that point. Serious reform is necessary, it has not happened yet and there is no sign from the Government that it will happen. It is time that the matter was taken seriously.

Sir Nicholas Winterton (Macclesfield) (Con): I have got in in the nick of time. Will my hon. Friend go a little further in answering the question that my right hon. Friend the Member for Wells (Mr. Heathcoat-Amory) asked? He has gone a long way, but bearing in mind that the European Union has destroyed our fishing industry and is destroying our aluminium industry—I think that I can get that in under "Financial Management"—is not my right hon. Friend's question about getting a commitment from Her Majesty's Opposition a good one? Will my hon. Friend go a little further and say, "Yes, we will include that in our manifesto"?

Madam Deputy Speaker (Sylvia Heal): Order. I remind hon. Members that we are debating the motions before us. If the hon. Member for South-West Hertfordshire (Mr. Gauke) wants to give a brief indication to the hon. Member for Macclesfield (Sir Nicholas Winterton), that would be acceptable.

Mr. Gauke: I am grateful to my hon. Friend and also for your guidance, Madam Deputy Speaker. I remind my hon. Friend that I am here to speak about matters to do with financial management, but I daresay that those who make such decisions will listen closely to his words, as they always do.

There is a frustration that the European Union in recent years has focused not on reform but on, for example, the treaty of Lisbon, which my party continues to oppose. The sooner the European institutions focus on the subject of our debate, the better.

6.4 pm

Michael Connarty (Linlithgow and East Falkirk) (Lab): European debates are a bit like buses—we wait for one for ages, then three come along at the same time. For the first time, we are holding the debates on a Tuesday—they normally happen on a Wednesday to ensure that many members of the European Scrutiny Committee have to choose between its Committee meetings and the debates in the Chamber. Today is a Tuesday—it coincidentally happens to be the day of the inaugural address by the new President of the United States and, when I was voting, I noticed from the crowds surrounding the televisions that that seems to be the point of interest rather than European audit. However, that does not mean that European audit is not important and I am pleased to be here, given that, as Chair of the European Scrutiny Committee, I would not normally get to debate the subject on a Wednesday.

I believe that the glass is half full—indeed, it is almost three quarters full and heading in the right direction. It was interesting to read all the documents in preparation for the debate. Our report of 12 January, which deals with the implementation of the 2007 European Union budget, concludes that

> "the European Court of Auditors (ECA) identifies weaknesses in the procedures for financial control and management"—

that is an ongoing debate—

> "such that again it is unable to give wholly unqualified Statements of Assurance for the General Budget and the European Development Funds."

In the past, the European Court of Auditors has refused to give unqualified assurances of any kind. This time, it has been slightly more positive, not by reducing rigour but by perceiving the benefits of the changes that have taken place in the past few years.

Our conclusion continues:

> "The document identifies some positive developments in improving management of the Community's financial resources and we note the Ministers give relatively positive assessments of the situation."

My hon. Friend the Economic Secretary repeated that this evening. The report goes on:

> "But the need for further improvements in financial management and control is still clear."

That sums up our position.

We recommended the debate because we believed that it was important

> "to consider again not only the continuing weaknesses in financial management"

and

> "the need for further improvement identified in the ECA's Reports",

but

> "to examine the justification for the relative optimism about future improvements in financial management."

[Michael Connarty]

The document submitted by the European Union does not have a number. The reference on it is "Official Journal OJ 2008/C 286/01 Volume 51 10 November 2008". That is the best I can do to identify it. It has 10 chapters, which deal with the subject in detail, and my hon. Friend the Economic Secretary and the hon. Member for South-West Hertfordshire (Mr. Gauke) referred to it. The general introduction includes the heading, "Chapter 1—the Statement of Assurance and supporting information", under which it clearly states:

> "The ECA have given an unqualified positive Statement of Assurance on the reliability of the EU accounts for the first time".

It is the first time that the ECA has said that it has all the information required to state that the accounts are reliable. That is different from saying that it is happy with what the accounts contain—major errors persist in the budget.

On the general budget, the European Scrutiny Committee states that the European Court of Justice also

> "gives a positive Statement of Assurance on the legality and regularity of the underlying transactions in the areas of revenue, 'administration and other expenditure' and 'economic and financial affairs', estimating that errors in these areas have a financial impact of less than 2 per cent.".

That is a significant improvement—the glass is more than half full. We should acknowledge those improvements—our Government and our members of the Court of Auditors have called for them and for initiating a new regime. We should not always say that we cannot manage the budgetary process.

The Committee goes on:

> "As for the audit of the European Development Funds the Court gives a clean opinion on the accounts but qualifies the Statement of Assurance on the legality and regularity of transactions in so far as they relate to payments."

That is where our concern should lie.

I shall refer to a letter from David Bostock, a UK member of the European Court of Auditors. He wrote to me as Chair of the ESC, and the letter was tabled at a Committee sitting. The second report in this bundle—which people may wish to read through, although it is very lengthy—is an important document on the fight against fraud. These are the two things we should wish to focus on in looking at any sets of accounts, regardless of whether they are for a private company, a Government Department, a voluntary organisation, a charity or the EU: are the accounts credible and can transactions be properly followed to find out whether payments are bogus or fraudulent?

It is clear that action is being taken by the EU. As we recently noted, it unanimously denied Bulgaria the right to spend European funds. The country had an outstanding sum of €500 million of funds, but there were questions to do with high-level fraud and corruption in that country that were so great that the EU denied it the right to spend the money. This is an important matter, which the ESC has commented on for some time.

Mr. Heathcoat-Amory: The hon. Gentleman is Chair of that Committee, which I serve on. He is putting the best possible gloss on this, but does he not agree with the following:

> "The budget headings subject to material error comprise 92.3 per cent. of total expenditure in 2007"?

That amounts to €105.2 billion out of a total budget of €114 billion. There is, therefore, an extraordinary degree of weakness, and no public company could survive such an audit—certainly not for 14 years. Although the situation may be very slightly better than in the past, it is still a catastrophic situation involving a great deal of public money. Why cannot the public sector submit itself to the same degree of discipline and accountability that it imposes on the private sector through company law?

Michael Connarty: I echo that absolutely; we want to have that 100 per cent. We want to establish the credibility of accounts by having the ability to follow the accounts' income and expenditure to verify that the accounts are proper according to the rules and that the sums are spent in the right area. That is what we try to achieve when we have audit discussions and when we make negative comments—we tend to make negative comments—on reports and question the optimism of those who think this can be done easily. However, we wish it to be done.

The following comments from the European Court of Auditors are interesting, so I shall read them into the record. They come from David Bostock, a UK member of the court, and it is important to recognise that he takes this matter very seriously. In his letter to me, which was tabled to the Committee, he not only discusses the positive aspects of the reports—he is positive on their regularity—but he also expresses concern about some issues.

In paragraph 8 of the letter, David Bostock writes:

> "The Court gives a clean opinion on the accounts. They present fairly, in all material respects, the Communities' financial position as of 31 December 2007, and the results of their operations and cash flows for the year ended 2007. The Commission has been generally successful in implementing accruals accounting"—

which is a new initiative that came in just some years ago.

In paragraph 9, he says:

> "This is the first year for which the Court has delivered an unqualified opinion on the accounts. The European Commission's tendency to describe our qualified opinions on previous years' accounts as 'clean' may however obscure the novelty of this finding."

It was always a matter of dispute between both our Committee and the Government and the Commission that it used the word "clean" to mean that there were no proven frauds—that there was dubiety but not proof. This new initiative is good, and we should welcome it.

Sir Nicholas Winterton: I have a simple question. Why is it taking so long to have accounts cleared, because they would have to be cleared, certified and audited by professional accountants in this country if they were for a private company? Does the hon. Gentleman not accept that hundreds of millions of euros are still going walkabout every year? Is this an acceptable state of affairs?

Michael Connarty: I will leave the last part of the hon. Gentleman's assessment to the auditors and the fraud office, but all I can plead in my own defence is that I have been Chair of the ESC for only two years and things have improved vastly in that time. I do not claim any correlation between those two facts, however.

One of the great difficulties in defending the EU is that people often look at it with a deliberate eye to seeing where they can transact dubious movements of money. There have been scandalous situations in some countries, where individuals have somehow trousered lots of money—£36 million for a single individual in one case—and Bulgaria has clearly not brought itself up to a satisfactory level of financial control and sufficiently reduced corruption to justify its spending the money to which I have referred.

I must add that our Committee can put its hands up and say that we said Romania and Bulgaria should not have been allowed into the EU in 2007; nor should we have made them the offer that if they did not come up to scratch in 2007 and even if they did nothing, they would get in in 2008. As someone said to me privately, that meant that the politicians thought that they did not have to listen to Europe any more, and that if they just waited and did not change anything, their countries would get in. There have been more than 100 contract killings in Bulgaria since it joined the EU; that is a frightening statistic. The excuse we got when we met its Foreign Secretary was, "Well, they hire Russians, and they just go back to Russia after the killings, so we can't find them." Things are going on in the world that we would all like to change, but I shall now return to the budget.

Mr. Bostock states in paragraph 11 of his letter:

"In the other areas of expenditure—agriculture and natural resources; cohesion (the Structural Funds and Cohesion Fund); research, energy and transport; external aid, development and enlargement; and education and citizenship—however, the Court concludes that payments are affected by material levels of error".

The letter continues with the observation

"that supervisory…systems are only partially effective in ensuring that payments are properly made."

Therefore, there are major identified faults.

Paragraph 12 states:

"As for 2007, the Structural and Cohesion Funds are the area of spending most affected by error…'The Court estimates that at least 11 per cent. of the total amount reimbursed should not have been reimbursed'."

Given that that is known, we think that the next thing to do would be to find out who the people involved were, get the money back and prevent that from happening in the future.

The letter continues:

"Rural development accounts for a disproportionately large part of the overall error rate estimated in agriculture and natural resources."

It is not agriculture and natural resources, but so-called rural development that is the main error area, therefore.

Many other things are worth commenting on, but I shall draw the House's attention to a point that David Bostock drew to the attention of the Committee. He wrote:

"The latter part of Chapter 1 (from 1.42 onwards) discusses the problems of ensuring that EU spending takes place properly. It leads to the conclusion (in 1.52 to 1.54)"—

of the report before us today, which I find an incredible conclusion—

"that there are political choices to be made about the control of spending and what risk of mis-spending is tolerable."

No level of mis-spending is tolerable for any political reason. That should be the rule by which the anti-fraud office and the EU run.

The letter states:

"Chapter 2 reports some improvements in the Commission's supervisory and control systems, notably a greater realism than in previous years in the reports by Commission Directors General about the legality and regularity of the expenditure for which they are responsible."

That would appear to imply that the directors general previously had greater laxity in what they considered to be realistically acceptable in expenditure.

The letter continues that

"the Court's conclusion is...that the Commission is not able to demonstrate that its actions to improve supervisory and control systems have been effective in mitigating the risk of error in large areas of the budget."

It is an honest and clear appraisal, and it is in the documents contained with the report before us today. It would merit everyone studying it in detail.

I wish to discuss what is said about the UK in the annual report, because we are never completely free of blame. For example, we regularly get reports that more cases have been brought against the UK over the illegal taking of fish in the EU than against most other countries—*[Interruption.]* Not in the past couple of years, but certainly in the past.

Paragraph 17 of David Bostock's letter states:

"There are references to the United Kingdom in chapters 5 (the CAP) and 6 (cohesion) of the annual report."

Paragraph 18 states:

"In chapter 5 criticisms are made of the establishment of the management of the CAP Single Payment Scheme. See in particular paragraphs 5.22, 5.26, 5.30 and Annex 5.1.2."

Paragraph 19 states:

"In annex 6.1 to chapter 6 the Court reports on its assessment of supervisory and control systems in 16 Structural funds programmes."

He was talking about programmes involving the UK, and he continued:

"One of these is jointly managed by the UK and Ireland."

No country, not even this country, is free from questions about the way in which people carry out their transactions. That does not mean that they are fraudulent; it just means that the accounting systems and the way people are reading the spending rules for European Union funds call the transactions into question. It does not mean that when clarified, they will end up being seen as fraudulent or improper reimbursements.

I wish to finish with an anecdote about one of my local farmers who was having problems with his sheep premium returns. When I went to help him out, he pulled out a bundle of things that were the equivalent of backs of fag packets—a number of bits of paper and backs of purchase invoices—where he had written out his various sheep numbers and so on. I could not make head nor tail of them. Of course, our people then turned up from the Ministry of Agriculture, Fisheries and Food and said that they could not make head nor tail of them. He could remember but could not prove what he had done, so he was having difficulty getting his payments. We must have systems, particularly in the A8 countries, that are disciplined, transparent and easy to understand, so that people are not accused of fraud when they are not fraudulent and so that we find fraud where it exists. In the meantime, I hope that the criticisms made in this debate will be passed on to the Government and to the European Union, and I hope that we will see further improvements in the future.

6.22 pm

Mr. Jeremy Browne (Taunton) (LD): My party takes an enlightened view of the European Union. I had an opportunity during the previous debate to touch on some of these themes, so I shall not rehearse them again at length. Liberal Democrats regard the EU as having a useful role to play in bringing nation states together to co-ordinate our response to the current economic crisis effectively. We emphatically think that the EU has a role to play in trying to mitigate the effects of climate change. Most people would accept that the EU and public opinion across Europe are further ahead in the debate than anywhere else in the world—certainly further ahead than in north America and Asia. The European Union, with Britain at the forefront, has a role to play in taking that agenda even further forward.

The EU also has a key role to play in international diplomacy; we share the values of democracy, free speech and free markets, although free market economics have been challenged in the past few months. Probably the greatest foreign policy development and achievement in my adult lifetime has been the expansion of the European Union and the embracing by eastern European states that previously lived under oppression of freedom and those broad liberal values that we often take for granted in this country.

I regret the paranoia that the Conservative party typically displays towards the European Union—the sense that everything that emerges from Europe must inherently be bad or a cause for suspicion. That paranoia persuaded the Conservative party to vote unnecessarily against the Government in the previous Division. However, I and my party recognise that just as politics in the United Kingdom is broken to some extent, politics and the financial and budgetary process in the European Union need to be dramatically overhauled. My party rightly recognises and welcomes some of the limited progress that has been made, but our bottom line is that that progress is not good enough. I echo the sentiments expressed in this debate by the Conservative Front-Bench spokesman about the terrible, wearying cycle of these debates; year after year we hear that the European Union has, yet again, not met the standards that we are entitled to expect it to meet on behalf of our constituents, who pay their taxes and contribute to the UK's financial contribution to the EU budget.

Mr. Heathcoat-Amory: The hon. Gentleman is saying that he supports financial reform in the European Union. Why, therefore, did his party's representative on the Convention on the Future of Europe take no interest whatever in this aspect of reform when he had the opportunity to do so, and why did he fail to support my efforts and those of others who attempted to table amendments that would have cleaned up and reformed the European Union budget in a way that the hon. Gentleman now says he supports?

Mr. Browne: I do not know the particular circumstances of that meeting. I do know that there is a huge range of views in the Conservative party on the European Union—indeed, the Conservative shadow Cabinet seems to be split on the Lisbon treaty, on joining the euro and on all kinds of other important questions relating to the European Union. I also know that my fellow Somerset MP, my hon. Friend the Member for Somerton and Frome (Mr. Heath), takes the view—

Madam Deputy Speaker (Sylvia Heal): Order. I wonder whether the hon. Gentleman would bring his remarks back to the motion, and not be led astray.

Mr. Browne: I regret being led astray by the right hon. Member for Wells (Mr. Heathcoat-Amory). I fear that nothing would ever be quite Eurosceptic enough for his taste, regardless of what I or his own Front-Bench team said.

This House has a duty to safeguard and champion the interests of taxpayers in the United Kingdom, who contribute to the overall budget of the European Union. Much of the money that we are discussing is spent in the individual EU member states. I take on board the points made in the previous speech about the capacity of some of those member states to have auditing or overall political processes that meet the standards that we would expect in this country, and I agree that not all the money that is misspent necessarily involves fraud. Nevertheless, member states need notify the Commission only of irregularities of more than €10,000. I am told which the estimate of the total financial impact of irregularities has increased from €804 million to €1.048 billion a year. That figure is high enough to be a cause for concern, so I would like the Minister specifically to address that growth in the estimates of fraud and to tell us what representations the British Government are making to try to address the problem.

In a debate that took place upstairs, I raised with the Minister of State, Department for Environment, Food and Rural Affairs, the right hon. Member for Liverpool, Wavertree (Jane Kennedy), who was then a Treasury Minister, the irregularities occurring in individual member states. I suggested that she might wish to identify, and thereby name and shame, the worst offenders so that we could make some progress—after all, that tactic is favoured by the Government in other areas of policy—by putting pressure on some of those member states to raise their game. She replied:

> "I am not sure that the most diplomatic thing would be to name the worst offenders, as the hon. Gentleman suggests."—[*Official Report, European Standing Committee*, 28 January 2008; c. 9.]

I fear that that is indicative of a less than muscular approach taken by Treasury Ministers. They could certainly express their discontent far more stridently within the EU than they currently appear to. Total UK budget contributions to the EU between 2007 and 2013 are to be £71 billion. Even spread over six years, that is a sizeable sum of public money by anyone's reckoning, and the onus is on the House and the Government to ensure that it is spent more efficiently and effectively.

We are having an interesting three-way debate on the subject of Europe. The back-to-back nature of the hour and a half that we spent discussing the financial crisis and this debate has allowed the three party positions to emerge in a way that we do not often have the advantage of seeing so clearly. The Conservative party position is to favour an inert European Union. There is a sense of fear and loathing whenever the subject of Europe comes up. To give the Conservatives credit, however, they are alert to the financial irregularities and the need to make improvements. The Labour party position is to be positive and constructive with regard to the EU, but I regret to say that, on the downside, they are insufficiently alert—indeed, somewhat complacent—when it comes to the financial irregularities in the EU.

Finally, there is the Liberal Democrat position, which is to be positive and constructive towards the EU and see that it has a role to play, as I said earlier, but also to be alert to the need to address financial irregularities. Only one party has both sides of that equation right, and that is my party, the Liberal Democrats.

6.32 pm

Mr. Peter Bone (Wellingborough) (Con): It is a great pleasure to follow the hon. Member for Taunton (Mr. Browne), in whose words I found nothing whatever to agree with. His conclusion that his party is constructive towards Europe and somewhat concerned about the problem that we are discussing seems wholly unrealistic. We need only look at the two Liberal Members who are in their places—they have two very different opinions on Europe. *[Interruption.]* Well, on the Lisbon treaty.

We are spending billions of pounds a year on the EU. I think that today we have agreed to contribute another three quarters of a billion pounds for this year, although that has not quite been made clear in the debate. What worries me is that if I, the Government or anybody else were investing huge sums of money in any other organisation, we would expect it to have proper, audited accounts. At least, that is what I thought until this week, when I saw the Government spending billions of pounds on banks, obviously without having exercised any due diligence.

It cannot be right that the EU has not had unqualified accounts for 14 years. It would have been incredible to somebody voting in the referendum on whether to take Britain into the Common Market to think that this country would give billions of pounds to that organisation without being sure how it was being spent. We are debating not whether that money is being spent wisely and on good things, but whether it is being spent in line with the rules of this ridiculous European Union club.

The Government's argument is always that they are at the heart of Europe, and that by co-operating with Europe they get their own way. Indeed, I understand that Superman led the EU in its financial recovery, which we discussed in the previous debate. If they really are at the heart of Europe, and if they really get their message across, that must mean that they support the fact that the auditors do not give clean reports. I think that that is the case, because it is politically useful to other countries if the fine rules of the European Union club are not applied. Whether we say that it is fraud or irregular payment, it is very convenient to overpay people in one's own country. I am sure that that is how some of our EU friends look at it.

We in this country are much better at and much fairer in interpreting EU rules to the letter. Many of my constituents say that we are mad to do that. They ask why we do not do what our continental colleagues do and use flexibility when deciding how much money should be given out. If the Government were serious about the matter, after 12 years in power they would have sorted it out, but they are not serious about it. They could have solved the problem at a stroke by going to the European Council and saying, "We, as a country, are not going to pay a single penny more in contributions until we get the accounts sorted out." I think that this debate is far more important to the British people than the inauguration of the US President.

Mr. Jeremy Browne: The hon. Gentleman is closer to these things than I am: is it the Conservative party's position that all payments to the EU should be suspended until the accounts are signed off as being fully proper and correct?

Mr. Bone: I am grateful for that helpful intervention, but unfortunately I do not speak for the shadow Cabinet, which has a set and agreed policy on Europe and is united behind it. I am making a simple, practical suggestion to the Minister, who is highly regarded, that if he were serious about it he could solve the problem overnight.

Debates such as this may be put on at this hour so as to avoid publicity but, to the British people, spending billions of pounds on an organisation that cannot even get its accounts right cannot be acceptable.

6.37 pm

Kelvin Hopkins (Luton, North) (Lab): I apologise for not being able to be here for the first part of this debate, Madam Deputy Speaker, although I was here for the whole of the first debate.

I have had the misfortune to debate this nonsense for the past 12 years, often in Standing Committees and sometimes in the Chamber. I sound almost like a broken gramophone record, but I wish to repeat some sensible thoughts in the hope that they will have some impact on my hon. Friend the Minister.

There is a simple way to eliminate the fraud that is taking place, which is to change the whole European Union budget system into a new mode of operation. I add that although both Eurosceptics and Euro-enthusiasts keep talking about "Europe", the organisation is not Europe; it is the European Union. Europe is a continent which includes a lot of countries that are not in the EU, and the EU is a political construct imposed upon some of those countries. I therefore speak of the EU, not Europe. I love Europe and go there on my holidays every year, and various of its countries are absolutely wonderful.

To overcome the problem, we must completely reform the budget. It currently redistributes revenue and income across the EU in a way that is sometimes rather arbitrary. Some countries pay more than they should and some receive more than they should. A way to overcome that would be to have a budget allocated by a simple fiscal transfer system that gave to those who were poor and took from those who were rich, so that everything was proportionate to the prosperity of the member state. That is if one wants to have such a budget at all—there may be a case for not having one, but that is another debate. If we are to have one, the way to make it fair and acceptable to everybody is to ensure that everybody receives according to their needs and gives according to their ability. There would then also be a transfer of power, from the EU bureaucrats who decide where the money will be allocated to the member states. Devolving more power back to member states would be sensible and agreeable. If fraud then occurred within those member states, that would be their problem. In Britain, we would no doubt spend the money sensibly and avoid the problem of having lots of apparently generous donations from the EU to local projects with the EU logo all over them when we are massive net contributors and only part of our money is being handed back.

[Kelvin Hopkins]

Britain suffers more from that than most countries. As a wealthy country we would be a net contributor under the system that I am proposing, but we would not be a net contributor with France, Denmark and even Ireland being net recipients. Like us, they would be net contributors.

The cumulative figure for net contributions by Britain to the EU since we joined is £125 billion. The sums will rise substantially by 2013 because of the poor deal negotiated by Tony Blair during the British presidency. Of course, with the devaluation and depreciation of the currency, we pay substantially more each year. If contributions were a proportion of our national income rather than effectively geared to the euro, we would pay less.

A system whereby there was a budget for pooled contributions from member states, where poor countries received and rich ones gave an amount proportionate to their living standards, would be a fair system that would eliminate the problem of fraud. We would not have the massive confusion and complexity of these budget reports. Decisions about where money was spent would not be made by bureaucrats in Brussels, but by democratically elected Governments in member states.

6.41 pm

Ian Pearson: With the leave of the House, I should like to respond to the debate. First, I want to refer to the comments made by my hon. Friend the Member for Linlithgow and East Falkirk (Michael Connarty), who acts as Chairman of the European Scrutiny Committee. He said that he believed that the glass was more than half full and rightly pointed out that for the first time the Court has this year given a positive opinion on the reliability of the EU's accounts, with no reservations. He also suggested a number of other areas where improvements had been made. I agree with him that there have been some positive developments, but I like a full pint. We need to be relentlessly dissatisfied with the level of progress. That is why the Government will continue to press through the European Court of Auditors and other forums, in particular the February ECOFIN discussions in Britain, the need for the Commission and member states to continue to do better in the future.

I was rather surprised to hear one hon. Member suggest that we should refuse, in effect, to make future contributions to the European Union until all this was sorted out. I do not think that that is a realistic attitude. The UK is required to make its contributions under obligations imposed by the treaties, as the European Communities Act 1972, and section 2 in particular, gives effect in the UK to Community law.

We must recognise, too, the clear and demonstrable benefits of the UK's membership of the EU. EU membership has delivered and continues to deliver significant benefits to the UK and the whole EU. The EU is key to the success of business in the UK. Europe accounts for nearly 60 per cent. of our trade, 700,000 British companies have trading ties to Europe and at least 3.5 million jobs depend on Europe.

It is important that we retain membership of the EU. I am pleased to see that the Conservative party has decided to appoint a shadow Secretary of State for Business, Enterprise and Regulatory Reform who is a wholesale enthusiast for Europe. I look forward to debating the issue of Europe with him in due course in my other role as a Minister in the Department for Business, Enterprise and Regulatory Reform.

A number of Members raised the issue of the UK's abatement. I want to make it clear that the 2005 budget agreement preserved the British rebate in full on agricultural spending and all spending in the EU15. The UK abatement will be disapplied by a maximum of €10.5 billion on spending for economic development in the new member states. That will not change, but we believe that it is right that we should pay our share of the costs of EU enlargement, which benefits the UK economy. The year 2010 will be the first full year of disapplication of some spending in new member states from the calculation of the abatement, resulting in the higher net contribution that has been referred to, which was published in the pre-Budget report. It is important that the UK should pay its share of the enlargement costs.

Mr. Gauke: I am grateful to the Minister for confirming that the cost of the renegotiation of the rebate and the surrender of an element of the rebate is valued at €10.5 billion. When that matter was debated in the House, during our discussions of the Bill that formalised that partial surrender, the figure of £7.4 billion was used. Will the Minister update us as to what that €10.5 billion now means in sterling?

Ian Pearson: My understanding is that the €10.5 billion figure was derived from and based on 2004 prices, and that will remain the case. The hon. Gentleman will understand that exchange rates go up and down and he will be able to do the calculations himself. I want to reinforce the point that I was making earlier, however. There is a complete misconception that the recent deterioration in the euro-sterling exchange rate in the euro's favour will mean that the UK will have to pay significantly more in contributions. That is emphatically not the case, for the reasons that I outlined earlier.

I want to refer briefly to the comments made by the hon. Member for Taunton (Mr. Browne). I agree with him that it is disappointing that there has been an increase in the level of irregularities. The figures that he quotes mostly relate to the fact that there is a larger EU following the accession of Bulgaria and Romania. Overall, the levels of fraud that were found by the European Court of Auditors are, as I said earlier, around 0.2 per cent., which is a similar level to that in 2006.

We do not name and shame, but we do push for political recognition of member state responsibility as well as Commission responsibility. We also lead the way by taking the initiative and publishing our own statement on the use of EU funds in the United Kingdom. We believe that we have been instrumental in encouraging others to do the same.

A number of hon. Members specifically mentioned the UK's position. The hon. Member for South-West Hertfordshire (Mr. Gauke) referred to the UK with particular regard to the subject of the European regional development fund in Merseyside. The Government office for the north-west sent an interim response to the European Court of Auditors in July 2007. It then sent a full response in July 2008 and a further response in September 2008. A reply from the Commission at the end of November 2008 reduced the ineligible amount from £21 million to £2.2 million. Following advice from the Department for Communities and Local Government external legal counsel, a further response rebutting the outstanding issues was sent on 9 January this year and, if accepted, would reduce the ineligible amount to about £1 million, which would be reclaimed from project applicants. I think that that gives an idea of the complexity of some of the existing rules and of how they are interpreted—another point raised by the hon. Gentleman. It also shows our rigorous approach to the recommendations and views of the European Court of Auditors, and to administering ERDF funds.

The hon. Member for South-West Hertfordshire also asked some questions about the Commission's integrated control framework. He will be aware that, during our EU presidency, the UK took significant action to create the environment that would ensure that the plan could be success. Measures have already been taken to ensure better propriety and more effective spending, but the programme needs to continue and we shall support that.

Several hon. Members asked about international development. I can tell them that the Commission is working very closely with OLAF and taking on board recommendations where fraud is found. We place particular importance on that and, where possible, we have been quick to work through the various European Council committees. We have zero tolerance in respect of fraud, and work closely with the Commission's audit department.

I want to reassure the House that we are not weary with this matter. We are certainly not satisfied with the progress that has been made, but there has been some. We believe that a clear need for action remains, and that greater efforts are required from all concerned. The Commission must implement its action plan in full and member states must take more responsibility, especially in the areas of agriculture and structural funds, and budget authority would benefit from making greater use of the ECA's performance reports. We will continue to lead on these matters, and I look forward to the upcoming publication of the second consolidated statement on the use of EU funds in the UK.

Question put.

The House divided: Ayes 287, Noes 213.

Division No. 15] [6.52 pm

AYES

Abbott, Ms Diane
Ainger, Nick
Ainsworth, rh Mr. Bob
Alexander, rh Mr. Douglas
Allen, Mr. Graham
Anderson, Mr. David
Anderson, Janet
Armstrong, rh Hilary
Atkins, Charlotte
Austin, Mr. Ian
Austin, John
Bailey, Mr Adrian
Baird, Vera
Balls, rh Ed
Banks, Gordon
Barlow, Ms Celia
Barron, rh Mr. Kevin
Battle, rh John
Bayley, Hugh
Beckett, rh Margaret
Begg, Miss Anne
Bell, Sir Stuart
Berry, Roger
Betts, Mr. Clive
Blackman, Liz
Blackman-Woods, Dr. Roberta
Blizzard, Mr. Bob
Blunkett, rh Mr. David
Borrow, Mr. David S.
Bradshaw, Mr. Ben
Brennan, Kevin
Brown, Lyn
Brown, rh Mr. Nicholas
Brown, Mr. Russell
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burgon, Colin
Burnham, rh Andy
Butler, Ms Dawn
Byrne, rh Mr. Liam
Caborn, rh Mr. Richard
Cairns, David
Campbell, Mr. Alan
Campbell, Mr. Ronnie
Caton, Mr. Martin
Cawsey, Mr. Ian
Chapman, Ben
Clapham, Mr. Michael
Clark, Ms Katy
Clark, Paul
Clarke, rh Mr. Charles
Clelland, Mr. David
Clwyd, rh Ann
Coaker, Mr. Vernon
Coffey, Ann
Connarty, Michael
Cook, Frank
Cooper, rh Yvette
Corbyn, Jeremy
Cousins, Jim
Creagh, Mary
Cruddas, Jon
Cryer, Mrs. Ann
Cummings, John
Cunningham, Mr. Jim
Cunningham, Tony
Curtis-Thomas, Mrs. Claire
David, Mr. Wayne
Davidson, Mr. Ian
Davies, Mr. Dai
Dean, Mrs. Janet
Devine, Mr. Jim
Dismore, Mr. Andrew
Dobbin, Jim
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Dowd, Jim
Drew, Mr. David
Eagle, Angela
Eagle, Maria
Ellman, Mrs. Louise
Engel, Natascha
Ennis, Jeff
Etherington, Bill
Farrelly, Paul
Field, rh Mr. Frank
Fisher, Mark
Fitzpatrick, Jim
Flello, Mr. Robert
Flint, rh Caroline
Flynn, Paul
Follett, Barbara
Foster, Mr. Michael
(Worcester)
Francis, Dr. Hywel
Gapes, Mike
Gardiner, Barry
George, rh Mr. Bruce
Gerrard, Mr. Neil
Gibson, Dr. Ian
Gilroy, Linda
Godsiff, Mr. Roger
Goggins, Paul
Goodman, Helen
Griffith, Nia
Grogan, Mr. John
Gwynne, Andrew
Hain, rh Mr. Peter
Hall, Mr. Mike
Hamilton, Mr. David
Hamilton, Mr. Fabian
Hanson, rh Mr. David
Harman, rh Ms Harriet
Harris, Mr. Tom
Havard, Mr. Dai
Healey, rh John
Hepburn, Mr. Stephen
Heppell, Mr. John
Hesford, Stephen
Heyes, David
Hill, rh Keith
Hodgson, Mrs. Sharon
Hoon, rh Mr. Geoffrey
Hope, Phil
Hopkins, Kelvin
Howarth, rh Mr. George
Howells, Dr. Kim
Hoyle, Mr. Lindsay
Hughes, rh Beverley
Humble, Mrs. Joan
Iddon, Dr. Brian
Illsley, Mr. Eric
Ingram, rh Mr. Adam
Irranca-Davies, Huw
James, Mrs. Siân C.
Jenkins, Mr. Brian
Jones, Helen
Jones, Mr. Kevan
Jones, Lynne
Jones, Mr. Martyn
Jowell, rh Tessa
Joyce, Mr. Eric
Kaufman, rh Sir Gerald
Keeley, Barbara
Keen, Alan
Keen, Ann
Kelly, rh Ruth
Kemp, Mr. Fraser
Kennedy, rh Jane
Khan, Mr. Sadiq
Kidney, Mr. David
Kilfoyle, Mr. Peter
Knight, rh Jim
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Laxton, Mr. Bob
Lepper, David
Levitt, Tom
Lewis, Mr. Ivan
Linton, Martin
Lloyd, Tony
Love, Mr. Andrew
Lucas, Ian
Mackinlay, Andrew
MacShane, rh Mr. Denis
Mactaggart, Fiona
Malik, Mr. Shahid
Mallaber, Judy
Mann, John
Marris, Rob
Marshall-Andrews, Mr. Robert
McAvoy, rh Mr. Thomas
McCafferty, Chris
McCarthy, Kerry
McCarthy-Fry, Sarah
McCartney, rh Mr. Ian
McDonagh, Siobhain
McFadden, rh Mr. Pat
McFall, rh John

McGovern, Mr. Jim
McGuire, rh Mrs. Anne
McIsaac, Shona
McKechin, Ann
Meacher, rh Mr. Michael
Meale, Mr. Alan
Merron, Gillian
Michael, rh Alun
Milburn, rh Mr. Alan
Miliband, rh Edward
Miller, Andrew
Mitchell, Mr. Austin
Moffat, Anne
Moffatt, Laura
Mole, Chris
Moon, Mrs. Madeleine
Moran, Margaret
Morgan, Julie
Morley, rh Mr. Elliot
Mudie, Mr. George
Mullin, Mr. Chris
Munn, Meg
Murphy, Mr. Denis
Murphy, rh Mr. Jim
Murphy, rh Mr. Paul
Naysmith, Dr. Doug
Norris, Dan
O'Brien, Mr. Mike
O'Hara, Mr. Edward
Olner, Mr. Bill
Osborne, Sandra
Owen, Albert
Pearson, Ian
Plaskitt, Mr. James
Pope, Mr. Greg
Pound, Stephen
Prentice, Bridget
Prentice, Mr. Gordon
Primarolo, rh Dawn
Prosser, Gwyn
Purchase, Mr. Ken
Purnell, rh James
Raynsford, rh Mr. Nick
Reed, Mr. Jamie
Reid, rh John
Riordan, Mrs. Linda
Robertson, John
Robinson, Mr. Geoffrey
Roy, Mr. Frank
Roy, Lindsay
Ruane, Chris
Ruddock, Joan
Russell, Christine
Ryan, rh Joan
Salter, Martin
Sarwar, Mr. Mohammad
Seabeck, Alison
Sheerman, Mr. Barry
Sheridan, Jim
Simon, Mr. Siôn
Simpson, Alan
Skinner, Mr. Dennis
Slaughter, Mr. Andy
Smith, rh Mr. Andrew
Smith, Ms Angela C.
(Sheffield, Hillsborough)
Smith, Angela E. *(Basildon)*
Smith, rh Jacqui
Soulsby, Sir Peter
Southworth, Helen
Spellar, rh Mr. John
Stewart, Ian
Stoate, Dr. Howard
Strang, rh Dr. Gavin
Straw, rh Mr. Jack
Stringer, Graham
Sutcliffe, Mr. Gerry
Tami, Mark
Taylor, David
Timms, rh Mr. Stephen
Tipping, Paddy
Todd, Mr. Mark
Touhig, rh Mr. Don
Trickett, Jon
Truswell, Mr. Paul
Turner, Mr. Neil
Twigg, Derek
Vaz, rh Keith
Vis, Dr. Rudi
Waltho, Lynda
Wareing, Mr. Robert N.
Watson, Mr. Tom
Watts, Mr. Dave
Whitehead, Dr. Alan
Wicks, rh Malcolm
Williams, rh Mr. Alan
Williams, Mrs. Betty
Wills, rh Mr. Michael
Wilson, Phil
Winnick, Mr. David
Winterton, rh Ms Rosie
Wood, Mike
Woodward, rh Mr. Shaun
Woolas, Mr. Phil
Wright, Mr. Anthony
Wright, David
Wright, Mr. Iain
Wright, Dr. Tony
Wyatt, Derek

Tellers for the Ayes:
Claire Ward and
Ms Diana R. Johnson

NOES

Afriyie, Adam
Amess, Mr. David
Ancram, rh Mr. Michael
Arbuthnot, rh Mr. James
Atkinson, Mr. Peter
Bacon, Mr. Richard
Baker, Norman
Baldry, Tony
Baron, Mr. John
Barrett, John
Beith, rh Sir Alan
Bellingham, Mr. Henry
Benyon, Mr. Richard
Bercow, John
Blunt, Mr. Crispin
Bone, Mr. Peter
Boswell, Mr. Tim
Bottomley, Peter
Brady, Mr. Graham
Brake, Tom
Brazier, Mr. Julian
Brokenshire, James
Brooke, Annette
Browne, Mr. Jeremy
Browning, Angela
Bruce, rh Malcolm
Burns, Mr. Simon
Burstow, Mr. Paul
Burt, Alistair
Burt, Lorely
Butterfill, Sir John
Cameron, rh Mr. David
Campbell, Mr. Gregory
Campbell, rh Sir Menzies
Carswell, Mr. Douglas
Cash, Mr. William
Chope, Mr. Christopher
Clappison, Mr. James
Clark, Greg
Clarke, rh Mr. Kenneth
Clifton-Brown, Mr. Geoffrey
Cormack, Sir Patrick
Cox, Mr. Geoffrey
Crabb, Mr. Stephen
Curry, rh Mr. David
Davey, Mr. Edward
Davies, Philip
Davis, rh David
Djanogly, Mr. Jonathan
Dorrell, rh Mr. Stephen
Dorries, Mrs. Nadine
Duncan, Alan
Duncan Smith, rh Mr. Iain
Dunne, Mr. Philip
Ellwood, Mr. Tobias
Evans, Mr. Nigel
Evennett, Mr. David
Fabricant, Michael
Fallon, Mr. Michael
Farron, Tim
Field, Mr. Mark
Foster, Mr. Don
Francois, Mr. Mark
Fraser, Christopher
Gale, Mr. Roger
Garnier, Mr. Edward
Gauke, Mr. David
Gibb, Mr. Nick
Gidley, Sandra
Gillan, Mrs. Cheryl
Goldsworthy, Julia
Goodman, Mr. Paul
Goodwill, Mr. Robert
Gove, Michael
Gray, Mr. James
Grayling, Chris
Green, Damian
Greening, Justine
Greenway, Mr. John
Grieve, Mr. Dominic
Hammond, Mr. Philip
Hammond, Stephen
Hancock, Mr. Mike
Hands, Mr. Greg
Harris, Dr. Evan
Harvey, Nick
Hayes, Mr. John
Heath, Mr. David
Heathcoat-Amory, rh
Mr. David
Hemming, John
Hendry, Charles
Hoban, Mr. Mark
Hollobone, Mr. Philip
Holloway, Mr. Adam
Holmes, Paul
Horwood, Martin
Howarth, David
Huhne, Chris
Hunt, Mr. Jeremy
Hunter, Mark
Jack, rh Mr. Michael
Jackson, Mr. Stewart
Jenkin, Mr. Bernard
Jones, Mr. David
Kawczynski, Daniel
Kennedy, rh Mr. Charles
Key, Robert
Kirkbride, Miss Julie
Knight, rh Mr. Greg
Lait, Mrs. Jacqui
Lancaster, Mr. Mark
Laws, Mr. David
Leech, Mr. John
Leigh, Mr. Edward
Letwin, rh Mr. Oliver
Lewis, Dr. Julian
Liddell-Grainger, Mr. Ian
Lilley, rh Mr. Peter
Llwyd, Mr. Elfyn
Loughton, Tim
Mackay, rh Mr. Andrew
Maclean, rh David
MacNeil, Mr. Angus
Main, Anne
Malins, Mr. Humfrey
Maples, Mr. John
Mason, John
Mates, rh Mr. Michael
Maude, rh Mr. Francis
McIntosh, Miss Anne
McLoughlin, rh Mr. Patrick
Mercer, Patrick
Miller, Mrs. Maria
Milton, Anne
Mitchell, Mr. Andrew
Moore, Mr. Michael
Moss, Mr. Malcolm
Mundell, David
Murrison, Dr. Andrew
Neill, Robert
Newmark, Mr. Brooks
O'Brien, Mr. Stephen
Oaten, Mr. Mark
Öpik, Lembit
Osborne, Mr. George
Ottaway, Richard
Paice, Mr. James
Paterson, Mr. Owen
Pelling, Mr. Andrew
Penning, Mike
Prisk, Mr. Mark
Pritchard, Mark
Pugh, Dr. John
Randall, Mr. John
Redwood, rh Mr. John
Reid, Mr. Alan
Rennie, Willie
Robathan, Mr. Andrew
Robertson, Angus
Robertson, Hugh
Robertson, Mr. Laurence
Rogerson, Dan
Rosindell, Andrew
Rowen, Paul
Ruffley, Mr. David
Russell, Bob
Sanders, Mr. Adrian

Scott, Mr. Lee
Selous, Andrew
Shapps, Grant
Simmonds, Mark
Simpson, Mr. Keith
Smith, Sir Robert
Spelman, Mrs. Caroline
Spicer, Sir Michael
Spink, Bob
Spring, Mr. Richard
Stanley, rh Sir John
Steen, Mr. Anthony
Stuart, Mr. Graham
Stunell, Andrew
Swire, Mr. Hugo
Syms, Mr. Robert
Taylor, Mr. Ian
Timpson, Mr. Edward
Tredinnick, David
Turner, Mr. Andrew
Tyrie, Mr. Andrew
Vaizey, Mr. Edward
Vara, Mr. Shailesh
Villiers, Mrs. Theresa
Walker, Mr. Charles
Wallace, Mr. Ben
Walter, Mr. Robert
Waterson, Mr. Nigel
Watkinson, Angela
Webb, Steve
Weir, Mr. Mike
Whittingdale, Mr. John
Widdecombe, rh Miss Ann
Wiggin, Bill
Willetts, Mr. David
Williams, Hywel
Williams, Mark
Williams, Mr. Roger
Williams, Stephen
Willott, Jenny
Wilshire, Mr. David
Wilson, Mr. Rob
Winterton, Ann
Winterton, Sir Nicholas
Wishart, Pete
Younger-Ross, Richard

Tellers for the Noes:
James Duddridge and
Jeremy Wright

Question accordingly agreed to.

Resolved,

That this House takes note of an unnumbered Explanatory Memorandum from HM Treasury dated 4 December 2008, European Court of Auditors 2007 Annual Report, an unnumbered Explanatory Memorandum from the Department for International Development dated 8 January 2009, European Court of Auditors Annual Report on the activities funded by the seventh, eighth and ninth European Development Funds, European Union Documents No. 12156/08 and Addenda 1 and 2: Protection of the financial interests of the Communities: Fight against fraud, No. 12471/08 and Addendum 1: Annual report to the discharge authority on internal audits carried out in 2007, and No. 12472/08: Report on the progress at 31 March 2008 on the modernisation of the accounting system, an unnumbered Explanatory Memorandum from HM Treasury dated 16 October 2008, European Anti-Fraud Office: eighth activity report for the period 1 January to 31 December 2007, and European Union Documents No. 14480/08 and Addendum 1: Commission Report to the Council on the follow-up to 2006 Discharge Decisions (Summary)—Council recommendations, and No. 14481/08 and Addendum 1: Commission Report to the European Parliament on the follow-up to 2006 Discharge Decisions (Summary)—European Parliament Resolutions; and supports the Government's promotion of measures to improve the level of assurance given on the Community budget.

EU-Russia Relations

7.8 pm

The Minister for Europe (Caroline Flint): I beg to move,

> That this House takes note of European Union Documents No. 15299/08, Commission Communication Review of EU-Russia Relations and No. 15300/08, Commission Staff Working Document accompanying the Commission Communication Review of EU-Russia Relations; and supports the Government's policy on the future of the relationship in view of recent developments.

At the start of my contribution, I congratulate the hon. Member for Rayleigh (Mr. Francois) on his promotion. I have heard of carbon offsetting, but Clarke offsetting is new to me.

We are here this evening to discuss the relationship with Russia, and I shall deal with the eastern partnership as well. The year 2008 was an eventful and often a difficult one for EU-Russia relations. I shall begin the debate by reflecting on the past year, putting it in its wider context, and looking to the future.

The start of the year saw Russian action against the British Council in St. Petersburg and Ekaterinburg, and an EU statement was forthcoming in support of the United Kingdom. In June, the EU launched negotiations for a new partnership and co-operation agreement with Russia, only to suspend them just a few months later following Russia's disproportionate actions against Georgia. There followed a comprehensive review of EU-Russia relations—the EU-Russia "audit"—that gave the EU a clear account of the range and depth of its relationship with Russia. In November, the EU decided on the basis of that review to resume the PCA negotiations. The House has already discussed the resumption of the PCA negotiations in detail. However, it is important to reflect on why we took the decision to resume.

We would agree across the House that it is in no one's interests for Russia to be isolated. The EU and Russia face many common challenges, and share many common interests. We need to work together in tackling climate change; ensuring reliable energy supplies to the European market, an issue known to us now more than ever; enhancing trade and investment; promoting peace in the middle east; and combating the threat of a nuclear Iran. The best way to make progress on these issues is for Europe to talk to Russia honestly and openly. Structured, regular dialogue will help develop greater understanding and a more predictable, rules-based relationship. That is good for Russian and European business and investors, for our energy companies and consumers, and—importantly—for Russian and European civil society.

This is why we took the decision to resume negotiations. The mandate, agreed by all member states, ranges across the spectrum of EU-Russia relations, including justice and home affairs, human rights, science and education, as well as trade and investment issues. We have been clear that this is in no way a return to business as usual. EU Ministers agreed that the pace and tone of the negotiations would be informed both by the review itself and by Russia's fulfilment of its obligations under the ceasefire agreements.

Mr. David Winnick (Walsall, North) (Lab): I am sure that everyone in the House would like us to be in friendship with Russia; that was the hope arising from

[Mr. David Winnick]

the end of communism. However, is my right hon. Friend aware of a growing concern that human rights activists have been persecuted in the country? Yesterday a human rights lawyer, 34 years of age, was murdered in Moscow with a trainee journalist. That is in addition to the murder of a prominent human rights journalist two years ago. Those are disturbing matters, and one inevitably wonders how far the Kremlin was involved.

Caroline Flint: I agree that those are disturbing matters. In a short while, I shall comment on the latest development, to which my hon. Friend has referred.

Daniel Kawczynski (Shrewsbury and Atcham) (Con): Last summer, when Russian forces invaded Georgia, 11 European Heads of State immediately visited Tbilisi to show solidarity. Regrettably, our Prime Minister did not have the time to visit. Will the Minister assure me that either she or the Prime Minister has plans to visit Georgia in the near future to show solidarity and show in the strongest possible way that we will not allow the Russians to intimidate that important country?

Caroline Flint: Nobody could doubt the UK Government's concern about what happened in the summer. As Minister for Europe, I met the country's Foreign Minister, who has changed jobs; in fact, I met her in her new role just last week. We will continue to support action to make sure that the agreement struck last year between Sarkozy and Medvedev is fulfilled.

Mr. William Cash (Stone) (Con): Will the Minister acknowledge that a number of people have said that the invasion of Georgia's territorial integrity is not as clear cut as some have indicated? Indeed, as events unfolded, a great deal of uncertainty emerged. Not only that, but a BBC programme has made serious allegations about war crimes by Georgia in the affected areas. Will the Minister comment on that, and be a little less certain about what really went on?

Caroline Flint: I think I am right in saying that it has been agreed within the European Union that allegations of atrocities and war crimes should be looked at, whoever might be found responsible for them. That is absolutely the right way forward. We need to get to the bottom of the issues because many people are still displaced by the current situation and violence is still occurring in different forms. I shall say a little more about that later.

John Bercow (Buckingham) (Con): I listened with interest to what the Minister just said about the need to ensure that abuses of human rights, including atrocities—by whomsoever they are perpetrated—are investigated. It is important to have a sense of the end point. Does the right hon. Lady envisage that if there is a prima facie case on the basis of the investigation, there could be referrals to the Hague?

Caroline Flint: I would not like to speculate on that at this time; it is important that the independent inquiry should look into the allegations. There are protocols and criteria that would underpin any further action, and we need to look into these matters with great seriousness.

I want to comment on the gas crisis. So far, 2009 has been no less eventful than 2008. We have seen a deeply worrying gas dispute between Russia and Ukraine, and it has had a serious impact on many EU member states. Although we welcome assurances from Moscow and Kiev that the gas is now starting to flow—I understand that some countries are now benefiting from that—the delay in reaching agreement has been absolutely unacceptable and has done great damage to the reputations of Russia and Ukraine. We urge them to take every step they can to speed up delivery to the EU.

The presidency and the Commission have played an important role in resolving the dispute, but hon. Members will want to know what the EU is doing to ensure that Europe does not face future cuts to its supply. It is vital that the EU should do everything possible to avoid a repeat of this crisis in future by increasing the transparency of the arrangements for supply and transit, diversifying gas suppliers and routes, increasing our use of alternative energy sources, and improving energy efficiency.

Mike Gapes (Ilford, South) (Lab/Co-op): Is my right hon. Friend aware of today's remarks by Mr. Barroso, President of the Commission? He described the negotiations as the most difficult that he has ever had to deal with and said that neither side keeps to agreements. He also said:

> "Gas coming from Russia is not secure. Gas coming through Ukraine is not secure. This is an objective fact."

Caroline Flint: The situation has been very worrying. I attended the Czech presidency informally in Prague just a fortnight ago at the height of the situation. The President and the Czech Energy Minister were trying to resolve and negotiate a deal in Brussels. We had a video conference with both of them so that we Foreign Ministers could keep in touch with what was happening. The important matter is to get the gas flowing, but the various arguments on both sides about who is responsible need to be sorted out. What has happened is completely unacceptable, and we must not face the same problems this time next year. That is why I look forward to the spring European Council and the agreement to an ambitious action plan to implement the strategic energy review so that we can think about the medium and long term while hoping that our Russian and Ukrainian colleagues will recognise that they have commercial and contractual responsibilities to ensure supply to their neighbours in Europe.

Charles Hendry (Wealden) (Con): Will the Minister add improving gas storage to her list? The only reason why the crisis has not been worse is that, at 80 per cent.-plus of capacity, many of our European counterparts have much more significant gas storage than we have. They have been able to withstand the reductions in Russian gas supplies. In this country, we have only 12 days of gas storage; we are critically short of it. Will the Minister talk to her colleagues at the Department of Energy and Climate Change to see what can be done to improve our situation and make sure that we have a buffer against such problems in future?

Caroline Flint: My understanding is that the UK Department concerned is looking at some of those gas storage issues. However, I emphasise that how we source our gas—only about 2 per cent. comes via Russia, I think—means that our supply is much more diverse, so the necessity for a certain number of days' storage is not necessarily as applicable to us as it is to some of the other countries concerned.It is also important to be aware that while several of our European neighbours did have storage supplies, in some cases they were having to cut off supplies to industry to ensure that supplies were available for family and domestic use. That was the right decision to take, but there were consequences for the businesses that had to deal with their supplies being reduced. Whatever way we look at this, it has not been a happy situation. I know from my attendance at the informal session in Prague that many of my European colleagues were very angry and frustrated by what was happening.

I have been deeply concerned by recent attacks on Georgian police carrying out their lawful duties in Georgia. As the EU has made clear, such attacks seriously breach the Sarkozy-Medvedev agreements and should be thoroughly investigated so that those responsible can be brought to justice. We hold Russia responsible for security in the separatist regions and for ensuring that instability does not spread from those regions into the rest of Georgia.

My hon. Friend the Member for Walsall, North (Mr. Winnick) referred to the human rights lawyer, Stanislav Markelov, who has been shot dead along with the journalist Anastasia Baburova. Our thoughts are with their families and colleagues. The Government raised with the Russian Government concerns about the safety of human rights defenders and journalists in Russia last Friday during bilateral human rights consultations. We join the EU presidency in urging the Russian authorities to investigate this murder promptly and impartially and to bring all perpetrators to justice.

Mr. David Drew (Stroud) (Lab/Co-op): Does my right hon. Friend accept that the issue of human rights does not relate only to what happens in Russia? I have a constituent who happened to be one of those who received the remnants of the assets of the Yukos bank in this country. Because of that, he has been continually chased by the Russian authorities. He is a totally innocent party in this, but it has stopped him travelling to eastern Europe and he lives in some fear that action will be taken against him. This also concerns Russian attitudes towards British citizens and those citizens' efforts as part of their lawful pursuit of work. Will my right hon. Friend do what she can to tell the Russian authorities that this is not a good way to develop relationships with this country?

Caroline Flint: I assure my hon. Friend that we raise at every opportunity cases where we feel that British citizens' rights, in particular, have been infringed. Part of the discussion on the partnership co-operation agreement is about trade and investment, and it does not help Russia if business people find that it is too difficult a place to do business with. It is obviously in British business interests, but also in Russian interests, to have a commercial environment in which business can be open and transparent and people can feel assured that they will be treated properly.

Bob Spink (Castle Point) (Ind) *rose—*

Caroline Flint: I would like to make some progress, because this is a very short debate and I am conscious that other Members will want to contribute.

Andrew Mackinlay (Thurrock) (Lab): If you listened to that lot you would think all the Russians have horns coming out of their heads.

Madam Deputy Speaker (Sylvia Heal): Order. If the hon. Gentleman wishes to make a contribution to the debate, he knows the correct way of doing so.

Caroline Flint *rose—*

Mr. Philip Hollobone (Kettering) (Con) *rose—*

Bob Spink: Will the Minister give way?

Caroline Flint: No, I am going to make some progress, because I am looking forward to the contribution by my hon. Friend the Member for Thurrock (Andrew Mackinlay), should he catch Madam Deputy Speaker's eye.

May 2009 will see the launch of the eastern partnership, a priority for the Czech EU presidency. The Europe of today is very different from the Europe of 20 years ago. Ten countries that were once part of the Warsaw pact are now EU member states, and the countries in what Russia calls its "near neighbourhood" are independent: they are free to make choices about their destiny and to seek alliances with other countries that will further their security and prosperity. All the EU's eastern neighbours, except Belarus, have partnership and co-operation agreements with the EU and are committed to political and economic reform in return for EU assistance. Some aspire to join the EU and want closer ties. This is a natural development, not a threat. There is no such thing as a special post-Soviet space where different rules apply. Instead we have a common, shared neighbourhood, and we rightly seek to form partnerships with our neighbours to promote prosperity, security and stability in the region.

The proposed eastern partnership will offer partners the opportunity to deepen their economic integration with the EU and to build co-operation with the EU and each other on a range of issues, including, importantly, energy security, good governance and trade. The eastern partnership should be seen as complementary to EU-Russia relations. The Black sea synergy initiative, in which Russia already participates, encourages co-operation across the wider region, and there may well be opportunities for Russia or any other third country to participate in eastern partnership projects. We want the eastern partnership to be ambitious and to lead to greater integration with EU standards and processes for partners, but not as an alternative to membership. The eastern partnership will build on the declared will of our neighbours to align themselves more closely with the EU. We will work closely with the presidency, the Commission and member states to develop this initiative.

Co-operation and dialogue are key to building stability and prosperity in the region.

Bob Spink: Will the Minister give way, as she has been so generous?

Caroline Flint: I will give way for the very last time.

Bob Spink: I am grateful to the Minister. Does she accept that EU-Russia relations are to a significant degree influenced by the service provision policy of the BBC World Service? Will she encourage the Government

[Bob Spink]

to encourage the BBC to return to previous levels of that service so that the Russian people can be informed, even if that upsets some of the Russian political class?

Caroline Flint: I have met representatives of the BBC World Service since coming into this post. The fact is that the number of Russian listeners to radio is declining while the number using the internet is increasing. For very good reasons, the World Service, which is an expensive service, is trying to keep up with modern times and with what Russians want themselves. I am sure that the hon. Gentleman could avail himself of a briefing from the BBC World Service. However, we have to get into the 21st century and understand that the ways in which Russians are seeking to hear alternative voices and opinions are changing. The medium is changing, and I am satisfied that the World Service is keeping up with that.

The mandate for negotiating a new partnership and co-operation agreement is clear that the EU expects Russia to fulfil all its international commitments. The current gas dispute between Russia and Ukraine raises serious questions about energy security, and Russian actions in Georgia last summer cast a shadow over Russian commitment to European security and to the international community as a whole. In both instances, I am pleased that the EU has been called upon to act rapidly to mediate between the parties. Challenging as these events have been, and continue to be, the EU has proven itself up to the task. The eastern partnership presents an important opportunity to support countries that share our values and want greater integration with Europe. It is in our interests to build greater co-operation between eastern neighbours and the EU. The year 2009 looks to be a significant one for EU-Russia relations and EU relations with its eastern neighbours. I look forward to hearing Members' views on this important topic.

7.27 pm

Mr. Mark Francois (Rayleigh) (Con): I rise to respond to the Government's motion on behalf of Her Majesty's Opposition. I begin by thanking the Minister for her kind remarks about my recent promotion. I do not see my task as an offsetting one, as she put it, but if, by the same token, her role is to offset the Business Secretary, Lord Mandelson, I think that she probably has a more challenging task than I do.

The motion asks us, first, to take note of the European Commission documents before the House relating to EU-Russia relations, but also to support

> "the Government's policy on the future of the relationship in view of recent developments."

I shall return to that key part of the motion later in my remarks.

About half the bundle of documents that we are considering, which we should remember have been forwarded to us for debate by the European Scrutiny Committee—I see its Chairman rightly sitting in his place—relate to the proposed eastern partnership. Conservative Members broadly support the principle of that partnership, but it should be subject to greater scrutiny of the considerable financial implications that it would involve. Indeed, that point was highlighted by the European Scrutiny Committee. The other half of the documents broadly relate to UK and EU relations with Russia, not least as they have been affected by the events of August last year. It is on those elements that I would like principally to concentrate my remarks.

The background is obviously the Russian invasion of Georgia in August 2008, which was, in many ways, an unpleasant throwback to some of the more regrettable episodes in European history. It violated not only international law, but, importantly, Russia's previously expressed acceptance of Georgian territorial integrity as expressed in numerous United Nations resolutions, most recently including resolution 1808, which was passed only last April with Russian support. Whatever one may think of Georgia's actions on 7 August, Russia used grossly disproportionate force in response, and by subsequently recognising its supported regimes in Abkhazia and South Ossetia, Russia is attempting to redraw the map of Europe by force to some degree.

Andrew Mackinlay: Nonsense is peddled by both the Front-Bench teams on arbitrary alterations of the boundaries of Europe. It was the EU that consciously abrogated the Helsinki final accords in relation to Kosovo. It was stated unequivocally that there would be no arbitrary alterations to the boundaries of Europe. Once that line is crossed, there are consequences. It was a green light for Russia to deal with these three territories in the way that it did. It was predictable. Everyone understood that except for Tory and Labour Front Benchers in this place.

Mr. Francois: By parliamentary convention, I am required to thank the hon. Gentleman for his intervention, so I shall do that, not least as he is a fellow Essex colleague, but I disagree with him. I have to point out to him that the territorial integrity of Georgia was supported by a whole range of UN resolutions, which the Russians themselves had signed up to. Perhaps he seeks to overlook that material fact.

The EU presidency, which was headed at the time of this crisis by President Sarkozy of France, showed admirable resolve in obtaining Russian agreement to a six-point ceasefire plan. One of the key conditions of this agreement was:

> "Russian armed forces to withdraw to the line they occupied before the start of military actions",

which were their positions before 7 August. Given Russia's use of force, and its failure to abide by the EU ceasefire agreement, my party strongly supported the EU Council's subsequent decision on 1 September, referred to on page 94 of the bundle, to postpone EU negotiations with Russia on a new EU partnership and co-operation agreement until

> "troops have withdrawn to the positions held prior to 7 August."

In that we also agreed with the Prime Minister, who, in his subsequent written statement of 10 September said:

> "We strongly support this decision",

and

> "it cannot be 'business as usual'."—[*Official Report*, 10 September 2008; Vol. 479, c. 128WS.]

In addition, alongside the suspension of the negotiations, the EU undertook to conduct a review of all EU relations with Russia, the conclusions of which form a substantive part of the documents that we are talking about.

However, despite all the Government's seemingly robust rhetoric condemning the Russian invasion, Russia was still in breach of the ceasefire terms when, only three months later, the Government supported the resumption of talks. The threat to keep the negotiations postponed had been clear, but when it came to it, it was not carried out. Let us be clear: Russia has not abided fully by the terms of the ceasefire. Specifically, it has not withdrawn its armed forces to the line they occupied before the start of military actions. Russian combat forces remain in South Ossetia and Abkhazia, significantly including places such as Akhalgori in South Ossetia and the Kodori gorge in Abkhazia—areas that were until recently ethnically Georgian and administered by Georgia before the Russian invasion, but which are no longer so, having been ethnically cleansed of their Georgian populations.

Regardless of the planned contents of the talks, the very resumption of EU partnership negotiations is likely to have been seen in Moscow as something of a symbolic victory. It represents, to the Russians at least, a return to business as usual. Indeed, although the Foreign Secretary described the resumed talks as "hard-headed negotiation", it is worth pointing out that the Russian Government do not appear to share exactly that view. In fact, the Russian Foreign Minister, Sergey Lavrov stated only last week:

> "I think we have never worked so closely with the European Union in such issues that are indeed significant for both parties."

The Economist effectively acknowledged that Russian satisfaction last November, in an article entitled "Europe quietly caves in to agree to new partnership talks with Russia." I see that the hon. Member for Thurrock (Andrew Mackinlay) is chuckling away.

Andrew Mackinlay: Yes, because it is all nonsense. Will the hon. Gentleman give way?

Mr. Francois: Wait one second. I will let the hon. Gentleman back in, but when I am ready.

That is a pretty accurate description of what took place and it is not encouraging for the future. The Foreign Secretary, in his statement of 10 November, setting out his reasons for resuming talks, saw it differently, of course. He said:

> "Negotiations on the agreement are a pragmatic way of pursuing our interests across a range of important issues, like energy, climate change and trade."

That approach was reflected by the Europe Minister in her letter of 26 November to the European Scrutiny Committee, which is referred to on page 35 of our bundle. She argued that it was not a return to business as usual. However, as the European Scrutiny Committee pointed out in its subsequent reply—and I see the Chairman of that Committee smiling slightly as I think he knows what I am going to say—the Minister failed

> "to mention the major associated gathering of EU and Russian business leaders, along with French and Russian Ministers, as well as EU commissioners, which had all the appearances of 'business as usual'."

That is when they all met at Nice.

Mr. David Wilshire (Spelthorne) (Con): Will my hon. Friend give way?

Mr. Francois: I must give way to the hon. Member for Thurrock first, and then I shall give way to my hon. Friend.

Andrew Mackinlay: The reason I cannot contain myself is the delusion that we in London think that if we poke our tongue out at the Russians, it somehow frightens them. It does not. It is a big country, a big player and a skilled negotiator, which we are not always. We have to deal with political realities, and all this huffing and puffing by the House of Commons about Russia is not leading us anywhere. We have to deal with the world as it is, rather than how we would like it to be. I was in Prague and Warsaw last week, and the conservative, right-wing Governments there—I do not say that disparagingly—have a much more pragmatic and realistic view of their relations with their neighbour. It is a question of doing business with the Russians, and we are wasting our time with this nonsense.

Mr. Francois: I am not proposing that we poke our tongue out at Russia, but I am proposing that if the EU postpones talks with Russia on the basis that it has not adhered to a ceasefire agreement, and if Russia does not adhere to that agreement, we should not give them the satisfaction of resuming the talks. I do not think that that is poking out one's tongue; it is being consistent. That is my argument.

Mr. Edward Davey (Kingston and Surbiton) (LD) *rose—*

Mr. Wilshire *rose—*

Mr. Francois: I said that I would give way to my hon. Friend, which I am just about to do. Then I shall make some progress, and then I shall generously consider the request to intervene by the Liberal spokesman.

Mr. Wilshire: For reasons I will explain to the House if I catch your eye, Madam Deputy Speaker, I had two meetings with the Russian Foreign Minister recently, the second of which took place on Sunday. I can only say that the Russians may well see talks starting again as something of a victory, but the difference between those two meetings—one before the talks started again and one after—was startling. The issues we are concerned about and want Russia to address are more likely to be discussed than they were previously.

Mr. Francois: I thank my hon. Friend for his point. One of the issues that is being discussed in those talks is energy security, which relates to gas. I shall come to that point immediately if he will allow me.

Robert Key (Salisbury) (Con): Will my hon. Friend give way?

Mr. Francois: In just one second, if I may. I would like to make a little progress, and then I will.

Mr. Davey: I'll be next.

Mr. Francois: Forgive me, but I will decide who is next.

Despite what might be described as a gesture by the European Union to restart the talks—I hope that my hon. Friend the Member for Spelthorne (Mr. Wilshire) would accept that description—Russia suspended gas supplies to Ukraine on 1 January as a result of a dispute, knowing full well when it did so that that would

[Mr. Francois]

have significant knock-on effects for other countries in Europe, including those in the EU. In fact, once the shortages began to bite, gas supplies to a number of European countries were cut, in some cases, unfortunately, by as much as 100 per cent., with the Balkans and Austria being particularly hard hit. That led to widespread reports of factory shutdowns and, unfortunately, even deaths from cold.

Robert Key: I am amazed that we have got this far into the debate without any mention of the North Atlantic Treaty Organisation. Does my hon. Friend agree that we cannot begin to resolve the question of the relationship between the EU and Russia until we have resolved the issue of the EU and NATO, and NATO and Russia?

Mr. Francois: On the day of the inauguration—in some respects, the historic inauguration—of a new President of the United States, my hon. Friend's intervention gives me the opportunity to stress the great importance that we Conservative Members place on the transatlantic relationship. In that context, it is of course important that we discuss the issue with our NATO allies. I am glad that he has given me a chance to reiterate that point on such an auspicious day.

Mr. Davey: Will the hon. Gentleman give way?

Mr. Francois: In a moment.

To return to the gas dispute, the Government in Slovakia were forced to declare a state of emergency when key hospitals were left without power. Bulgaria has experienced massive power shortages leading to, among other things, the closure of a number of key strategic factories. The Associated Press reports that at least 11 people have died, including 10 in Poland, as a result of gas shortages caused by the dispute. That led the German Chancellor, Mrs. Merkel, to warn, in an article in *The Wall Street Journal* on 16 January, that if such behaviour continued

"confidence in Russia could be lost in the long term".

Tellingly, also on 16 January, the European Commission spokesperson, Johannes Laitenberger, said:

"It's a situation the seriousness"

of which

"goes beyond the specific issue of gas… As of next week, if the gas does not flow again, we will have to look point by point at our relations with Russia and with Ukraine and assess in each case whether we can do business as usual."

Today, gas supplies have still not been restored to many of the affected areas of Europe. Under an agreement between Russia and Ukraine that was signed only yesterday, to which the Minister referred, Russia has apparently begun to pump gas back into the network, although it is likely to take several days for supplies to return to normal.

As I intimated earlier, ironically, energy is one of the issues that is supposed to be discussed in the new partnership negotiations. So far, the Government's policy of supporting the restart of negotiations with Russia has been met, in part, with a switch-off of gas to a number of our partners in the EU. That could by no means be described as a triumph for the Government's policy.

Mr. Davey: I should be interested to know for how long the hon. Gentleman would stick his tongue out at the Russians, to use the term of the hon. Member for Thurrock (Andrew Mackinlay). The hon. Gentleman criticises the Government for not suspending the negotiations; how long would he continue the suspension for?

Mr. Francois: For the avoidance of doubt, I say again that I am not proposing to stick my tongue out at anyone—not even at the Liberal Democrat spokesman, although during the Lisbon treaty debates there were times when I was tempted to.

Daniel Kawczynski: My hon. Friend makes some important points about energy supply. If we are to have a common European energy policy, the idea of Russia building a pipeline under the Baltic sea directly to Germany is to be avoided at all costs. Russia could blackmail eastern and central European countries, because it could supply western Europe directly, via the pipeline under the Baltic sea. Will he use his good offices to put pressure on the Germans on that issue?

Mr. Francois: As my hon. Friend knows, some weeks ago, we called for a review of the Nord Stream project. I accept that the dispute was primarily between Russia and Ukraine, but because there have been clear knock-on effects for other countries in Europe, both within and without the EU, the lesson that many countries around the EU are drawing from the events of the past few weeks is that we have to look seriously at the issue of energy security. We cannot afford to be over-reliant on Russian supplies. That is an even bigger issue for a number of EU countries that take far more of their gas from Russia than we do; we take a relatively small proportion of ours from Russia, at least at present.

Mr. Cash: Would my hon. Friend be kind enough to give way?

Mr. Francois: I could hardly refuse an intervention from my hon. Friend.

Mr. Cash: I am extremely grateful. I agree enormously with what my hon. Friend says about over-reliance on gas supplies from Russia, but will he bear in mind that it is by no means certain that the responsibility for the breakdown in relations between Russia and Ukraine regarding gas supplies is entirely Russia's? Many people believe that it is the fault of Ukraine.

Mr. Francois: My hon. Friend makes a point that bears a little expansion. I acknowledged just a few moments ago that the dispute was primarily between Russia and Ukraine, but the reality is that it has obviously had a knock-on effect on a number of our EU partners, and on other countries in Europe. Russia will have been conscious of the likely implications when it took the decision to turn off the supply. I take my hon. Friend's point, but the decision has affected a number of countries in Europe—some of them seriously, as I attempted to set out in my remarks. I hope that he regards that as a reasonable, balanced reply.

We wish to have a positive relationship with Russia. There are many potential areas of mutual interest. Russia needs a market for its oil and gas. It also needs investment, not least in its oil and gas industries. Russia surely does not wish to see the proliferation of weapons of mass destruction in the middle east and elsewhere. On all those matters, Russia and the west need each other's co-operation. We hope that Russia will come to realise that, and will act accordingly.

The Government's policy of reopening negotiations has obviously been welcomed in Russia, but the crisis over the supply of Russian gas to Europe has demonstrated that rewarding Russia does not automatically lead to improved relations, although some seem to wish that it did. If anything, Russia sometimes seems to exploit weakness, rather than be impressed by it. The Foreign Secretary talks of hard-headed engagement with Russia; it can only be hoped that when it comes to the substance of the partnership negotiations, the EU will show more resolve than it perhaps has done in recent months. Following on from that, can the Minister assure the House that no final agreement will be signed between the EU and Russia if Russia is still in breach of the ceasefire plan, which, as the House must recall, was brokered by the European Union?

We Conservative Members believe—this, in a way, answers the Liberal Democrat spokesman's point—that the Government should have displayed greater strategic patience in dealing with Russia. We also believe that the events of the past few weeks—and Russia's willingness to restrict gas supplies when it suits it, despite the restarting of partnership negotiations—should teach us that when dealing with the regime in Moscow, a degree of strength is often better than a degree of weakness.

Lembit Öpik (Montgomeryshire) (LD): Will the hon. Gentleman give way?

Mr. Francois: I will, not least because I knew the hon. Gentleman so well at university.

Lembit Öpik: I am grateful for that patronage, and apologise for arriving a little late for the debate. Does the hon. Gentleman—my former fellow student—agree that the secret is to be hard-headed and to play tough, because that is what Russia does? Is he aware that the first cyber-war ever waged against a country was waged by Russia on Estonia, due to a dispute relating to certain political matters there? Would he recommend to the Minister that one formal condition should be that the state of Russia will not condone or participate in further cyber-warfare of any sort against any member state of the European Union, even when a dispute arises?

Mr. Francois: I thank the hon. Gentleman for that pertinent intervention. It partly relates to the pertinent intervention made by my hon. Friend the Member for Salisbury (Robert Key), who talked about the involvement of NATO. As I understand it, following the Russian cyber-attack on Estonia, NATO has established a college to teach cyber-defence. It is based in Estonia, because that country has real experience of having been on the receiving end.

Charles Hendry: Will my hon. Friend give way?

Mr. Francois: I will, but I am conscious that we do not have a great deal of time, and every time that I give way, we squeeze the time left for Back Benchers.

Charles Hendry: I am grateful to my hon. Friend. Does he agree that the disputes between Russia and Ukraine go back a long way? The first time that the gas supplies were cut off was in 1993. The disputes have always related to the non-payment of gas bills by Ukraine. This is the first time that a dispute has brought together the issues of non-payment of bills and transit charges. On this occasion, the Ukrainians were siphoning off gas supplies, so the pressure—

Madam Deputy Speaker: Order. I must make a plea for short interventions. There is a limited amount of time available in this debate.

Mr. Francois: I will be brief, Madam Deputy Speaker. I understand my hon. Friend's point that the issue goes back quite some time, but my point is that when the Russians turned off the supplies to Ukraine, they clearly realised that doing so would have knock-on effects in many countries in the EU. The pipelines that supply those other countries run through the Ukraine, and the Russians would have been cognisant of that when they took their decision.

To conclude, I cannot sit down without briefly mentioning the fact that it is slightly more than two years since Alexander Litvinenko was murdered in London. Although the documents do not relate to that case, I feel obliged to say that we on the Conservative Benches feel that the matter cannot be allowed to rest. We still require co-operation from the Russian authorities to ensure that those who were responsible for the horrible murder of a British citizen in our capital city are finally brought to justice.

We should not have restarted the partnership negotiations with Russia until it had complied fully with the ceasefire agreement that was brokered by the European Union. Unfortunately, Russia did not do that, so we had to part company with the Government on that part of their policy some weeks ago. I have to tell the Minister that our view has not altered.

Several hon. Members *rose*—

Madam Deputy Speaker: Order. A time limit of 10 minutes was to be imposed on Back-Bench speeches. However, in view of the fact that this debate must conclude at 8.38 pm and given that I would like as many Members as possible who wrote in to contribute to this debate to do so, I propose to reduce the time limit on Back-Bench speeches to six minutes.

7.51 pm

Michael Connarty (Linlithgow and East Falkirk) (Lab): I will try to stick to the issues that exercised the European Scrutiny Committee. I hope that the Chairman of the Select Committee on Foreign Affairs, my hon. Friend the Member for Ilford, South (Mike Gapes), to whom we refer the substance and merits of such matters, will be called.

Let me quickly run through the history, because we have had far too short a time to talk about a relationship with a major player in the world economy. The 1999 Cologne European Council adopted a strategy towards Russia for four years that had four aims: to encourage the democratic reform process in Russia; to encourage economic reform; to promote regional and global stability

[Michael Connarty]

and security; and to promote co-operation with Russia in areas of common concern, such as international crime and environmental questions.

In July 2004, our predecessor Committee, of which I was a member but not the Chair, considered a Council report on the proposed successor to that strategy, which talked about an action plan embracing four common spaces: a common economic space, building on the notion of a common European economic space, which is a laudable aim in relation to Russia; a common space of freedom, security and justice; a space of co-operation in the field of external security; and a space of research and education. Those aims all seem the right direction to be travelling in. Unfortunately, we did not get buy-in from the Russian presidency on those four common spaces, and that is perhaps where matters went awry.

Basically, that Committee recommended that the four common spaces be debated in a European Standing Committee, and that was done. During the debate, the then Minister for Europe agreed to update the Committee after each annual summit. One of the Committee's concerns, and why we asked for this debate, was not just about the substance of the EU-Russia relationship; it was that we do not feel that under the common strategy, which then became the four common spaces and which requires regular assessments and reports, we were getting the proper information from the Foreign Office about how such matters were being dealt with.

It is now three years since that debate. There have been many developments in EU-Russia relations, most of which have been controversial, as we have heard today. The same can be said of the UK-Russia relationship. The EU-Russia summit in June 2008 finally saw the launch of negotiations on a new EU-Russia agreement. We have heard a rehearsal of what happened during the breakdown of that process in the Georgian fiasco, leaving aside who was the provocateur and who the responder in that matter.

Primarily, we are talking about a summary and detailed description of the current state of the relationship following the Georgia-Russia conflict. The communication from the EU considered both the existing EU-Russia partnership and the co-operation agreement, and the ongoing need for a new agreement to be negotiated. As we have heard, the reopening of negotiations was agreed at the 10 November General Affairs and External Relations Council—let us leave to one side whether that was a climb-down, a pragmatic initiative or good common sense in dealing with a large neighbour with whom we have to work in future if we are to have a stable and settled European environment.

The Minister for Europe told the Committee that she

> "and the overwhelming majority of EU Member States"

believed that pursuing the negotiation of a new partnership and co-operation agreement was the best way to pursue EU interests across a range of other important issues,

> "binding Russia into a rules-based framework and aiming to safeguard energy security."

She said that the move was not

> "a return to business as usual."

However, I and the European Scrutiny Committee in general hope that it would indeed be a return to business as usual eventually, because an unstable relationship with Russia is not good for anyone.

The Minister wrote to the European Scrutiny Committee on 14 November about the EU-Russia summit. As the Committee noted in its report, given what had been asked of successive Ministers for Europe, the latest letter was no improvement on its predecessors. There was nothing of substance in it and it was not available on the EU presidency's website. The Minister did not have much to say about the Russian talk of a new European security architecture and had nothing to say about President Sarkozy's response or the controversial position he took at the summit on proposals for the deployment of an anti-ballistic missile defence system in Poland and the Czech Republic, notwithstanding the lack of any mandate for so doing.

Nor did the Minister mention, let alone discuss, President Medvedev's recently enunciated five principles of Russian foreign policy: compliance with international law; a multi-polar world; full and friendly relations with all countries; the unquestionable priority of protecting the

> "lives and dignity of Russian citizens, wherever they may be";

and a right to pay "special attention" to regions in which Russia has "privileged interests". As experienced observers have pointed out, and as this debate has proven, those principles are contradictory and contain no mention at all of the maintenance of international security.

All in all, the Committee felt that President Medvedev's controversial proposals and Russia's behaviour before and since raised profound questions, in particular about Russia's objectives and how member states should respond. In calling for this debate, we are signalling to the Minister that we are not happy with the reporting on the continuing relationship between the EU and Russia and the UK's involvement in it. We hope to see improvements in the future.

7.57 pm

Mr. Edward Davey (Kingston and Surbiton) (LD): I congratulate the hon. Member for Linlithgow and East Falkirk (Michael Connarty) and his Committee on securing this debate. I think we should have had a debate on EU-Russia relations much earlier, not least in the light of what happened in South Ossetia last summer. The issue is critical for the House and there are many difficult judgments to be made. Indeed, the House should have a much longer debate than this one. I get the impression that the hon. Member for Rayleigh (Mr. Francois) would support that proposal, and I hope that the Government will listen. I know that hon. Members asked for that debate in business questions, and it is a shame that we have had to wait until the new year for this rather short debate.

There are so many elements to debate—security, energy, the economy, nuclear proliferation—that it is impossible to get them all in in this hour and a half. We should focus on the key issue of how the EU should develop its relations, in the light not just of the South Ossetian crisis, Russia's behaviour towards Georgia and its failure to implement every aspect of the peace agreement that President Sarkozy agreed on behalf of the EU, but of the increasingly autocratic nature of the Putin-Medvedev regime, which includes the closing down of the press, anti-democratic activities and the willingness to sweep aside the rule of law. The way the regime has behaved towards business interests, which includes not just British firms, is quite outrageous. There are huge problems with the Russian regime and I readily accept that. Russia is not a country that is particularly attractive. It is potentially dangerous and it is certainly dodgy. The question is: how do we react to that?

We could go down the route of re-freezing the cold war, as it were, by having a stand-off, being tough and using cold war rhetoric to isolate Russia. I can see why people might take that approach, but I think that would be wrong. Despite all the problems that we have with the Russian regime, we have to have a dialogue with it. We have a dialogue with many other regimes in the world. We have their ambassadors here and we try to put our argument across to them because that is the right thing to do; it is good diplomacy. That is also the case in regard to Russia.

The hon. Member for Rayleigh did his case no good when he refused to be specific when I asked him for how long the Conservatives wanted the EU to suspend talks with Russia if it failed to implement every dot and comma of the peace agreement over Georgia. How long would they advise that we isolate Russia and refuse to engage with it? I accept that that is a difficult judgment; there is no scientific answer to that question. However, in the world of realpolitik, there are so many issues of mutual interest involved—including Iran and the middle east—that we have to engage with Russia.

Mr. Wilshire: The hon. Gentleman said that dialogue with Russia was the better way to proceed. May I suggest that it might be the only way, in certain circumstances? What we are really trying to say is that our values and beliefs are better than theirs, and values and beliefs can be spread only through dialogue.

Mr. Davey: The hon. Gentleman is absolutely right. If any hon. Member is in any doubt about that, I would urge them to go to the website of President Obama, where he talks about how we should meet the challenge of a resurgent Russia. Let us remember that he was speaking out against the threat of conflict in the Caucasus before it broke out in August. He was one of the leading international statesmen to highlight the dangers of a conflict there. After that conflict, he still thinks that we need to engage with Russia. On his website, he says that we need a comprehensive strategy that involves

"engaging directly with the Russian government on issues of mutual interest, such as countering nuclear proliferation, reducing our nuclear arsenals, expanding trade and investment opportunities, and fighting Al Qaeda and the Taliban; and also reaching out directly to the Russian people to promote our common values".

I could go on. It is absolutely clear that the President of the United States thinks we should now be engaging with the Russian Federation. The Conservatives are therefore out of touch not only with the European Union but with the White House, and I hope that they will soon change their position, because they are looking rather isolated themselves.

Angus Robertson (Moray) (SNP): Does it not concern the Liberal Democrats that, in recent years, the UK Government have actually cut their budget line for conflict resolution funding for non-governmental organisations in Russia and the Caucasus? Is that not a mistake? We talk about President Obama recognising the risks of conflict in the Caucasus, but that is something that the UK Government have patently overlooked.

Mr. Davey: The hon. Gentleman makes a good point. I had the privilege of speaking to some of Obama's foreign policy advisers during the sideline discussions at the Denver convention, and they were absolutely clear about the need to increase diplomatic resources in the State Department. We should also look carefully at how we go about such things in this country.

The real question is not so much whether we should be talking to the Russian Federation within a European Union context—of course we should—but how we can get our messages over as clearly as possible in those negotiations. Part of the problem with the European Union's position is the fact that there is division within the EU over how we should deal with Russia, and Russia is playing on that fact. It is playing one country off against another.

The challenge for European diplomacy is somehow to get the incentives right within the EU and to deal with some of the issues that concern member states. Yes, that is about dealing with energy security so that we can arrange other methods of supply and become less reliant on Russia, but that will take a long time. We need to deal with some of the countries that are, frankly, almost out of control in their relationship with Russia. In that regard, I am particularly focusing on Italy, where Prime Minister Berlusconi's business interests are taking a rather higher priority in his thinking than the long-term interests of Italy or Europe.

I would also argue that we need to look at some countries' very genuine historical concerns with Russia. Let us look at the Baltic states. My hon. Friend the Member for Montgomeryshire (Lembit Öpik) pointed out that they have had some really aggressive times with Russia, in which Russia has been pretty abominable. One of the key outstanding issues is whether Russia will sign treaties that accept the borders of the Baltic states, particularly Estonia. That should be a key question, and if we can deal with some of those issues, we will gradually get more EU unity over Russia. I think hon. Members on both sides of the House would welcome that because it would make our voice, and our ability to influence Russia, much more effective. That would be welcomed by the new Obama Administration.

Lembit Öpik: One of the advantages of being a member of the European Union is, supposedly, security. Many of the points that my hon. Friend is making, economically, politically and culturally, concern security-related measures. If he is saying that the Government should be robust, explicit and clear in dealing with Russia—with which we must deal, of course—in the collective interests of the EU, I absolutely agree with him.

Mr. Davey: I thank my hon. Friend for his intervention.

Because so many of our colleagues wish to speak this evening, I shall bring my remarks to a close, but I shall make one point that the hon. Member for Rayleigh did not mention, and relate it to where we take these matters in the longer term. The Russian experience in South Ossetia was not actually a victory. Russia has been isolated by it; it was a diplomatic setback. When Russia said it was going to recognise the independence of Abkhazia and South Ossetia, it got no support. Well, actually, it did—it got support from Hamas and from Nicaragua. China, in particular, said that that was not the way to behave, and Russia has been diplomatically

[Mr. Davey]

isolated as a result. That has had implications, because people have realised how isolated it is on that key issue. Russia has had a defeat, a setback. With the price of oil and gas going down, and with the economic problems hitting Moscow even harder than they are hitting this country, Russia is not as strong as some people are making out. It is in our interests to see that as an opportunity.

Over not decades but centuries, the relationship between Russia and Britain in particular, and between Russia and the other European Union countries—especially the central European countries—has varied between two different visions. Sometimes Russia has taken the role of Mother Russia, adopting an imperialistic stance and saying that it is Russia against the rest. Alternatively, it has taken what we might call the St. Petersburg approach—this has happened occasionally, although rather too infrequently—whereby it has adopted a more mainstream European approach and wanted to be part of civilised, mainstream Europe.

Despite many of the appalling aspects of the present regime in Moscow, there are still people who want to see that second vision, and the challenge for us is to support them. They are the voice of democracy and political reform. Their lights might be flickering at the moment, but we must use every tool at our disposal, especially diplomacy, to keep them alight. This is an historic challenge for the European Union, and one of our missions. I am not sure whether the hon. Member for Stone (Mr. Cash) would agree with me on this, but I think it will be an historic challenge for the European Union to bring Russia into the mainstream of Europe. If it does that, it will be able to build on the many other achievements that the European Union has to its credit.

8.9 pm

Mr. Bruce George (Walsall, South) (Lab): I believe that the House of Commons and the House of Lords can be quite pleased with themselves, because some excellent reports have been published on Russia and the EU by the Foreign Affairs Committee, the Defence Committee, which is going out to Russia and Georgia soon, the House of Lords European Union Sub-Committee and, of course, the European Scrutiny Committee. There is more than enough information available for us to make a judgment. It is difficult to make a judgment, however. I suspect, having heard some of the voices here today, that anyone who argues with scepticism about Russian developments will be treated with some contempt and indifference, if that is possible, but we have to look at developments, and I am not yet in a position to say—I would not venture to say it—that we are moving back into the era of the cold war.

One has to spot trends, and if trends in Russia continue, we should be getting a little nervous. Although I really want engagement, that does not mean to say it should be a supine engagement. If Russia invades a sovereign nation, it should not just be given a little yellow card or five minutes in the sin bin and then be allowed to rush back into the mainstream. Russia has to realise that that cannot happen if it is responsible for the killing of journalists or has at least been complicit in their killing; if it restricts civil society and the rights of non-governmental organisations; if it conducts endlessly fraudulent elections; or if it is clearly responsible at some point in time for using energy as a weapon. As to the argument about whether it will use energy as a weapon, let us not be stupid; it has done so at least 10 times, the 11th time might be really serious.

So yes, let us be prepared to talk, but let us also consider the way in which Russia deals with its adversaries or its friends who become adversaries. The transformation in what Russia is doing has been very considerable since the good Putin-Blair days. Is that the case because of us, or because of developments in Russia? We know that Putin said that the collapse of the Soviet Union was the greatest catastrophe of the 20th century. We are moving to a position in which, even if the alarm bells are not ringing already, they soon will be.

We would like to deal with a country that is democratising, but a survey two years ago showed what people there thought of democracy and the system of government they preferred. Some 35 per cent. wanted to go back to the Soviet system, 26 per cent. preferred the current system, which is hardly democratic and 16 per cent. were interested in and supportive of western-style democracy. Others accounted for 7 per cent. and 16 per cent. had no opinion. At this stage, we are not dealing with a country that is yearning for pluralism. It is also a place where what passes for sovereign democracy is not sovereign democracy.

I concur entirely with the two hon. Members who argued that Russia was playing with the European Union. It is doing it not just because of Prime Minister Berlusconi; let us read what was said recently in the RUSI publication about Mrs. Merkel. We should also look at what is happening in Greece. One or two countries in east and central Europe are complicit. Why? Is it because of history or because of economic optimism, or is it due to fear of the tap being turned off? One thing is patently obvious to me: some people and Governments in the EU and NATO are espousing a Russian interest, which could make collective decision making in both those organisations virtually impossible.

Developments in Russia are worrying. As I said, there is in essence a single party. No one can tell me that the other parties are part of a free-party system; it is basically a single mass party, although there is no longer a single mass ideology as there was under communism. There is very clearly a secret police, control of the mass media is at a high level and control of society is very considerable. I am afraid that Russian democracy, if it ever existed, is on the decline.

I have headed many election observation missions over the last seven or eight years and my greatest anxiety is over the fact that the Russians have run crooked elections; they have always done so. If anyone thinks that Yeltsin did not run crooked elections, they have not seen the evidence. When we are dealing with Russia, we are not dealing with a country that is remotely democratic or even, I suspect, aspiring to be democratic. That is clear when we see what is happening to the media. My particular anxiety is about civil society, which is always merely a concept in Russia; it is being compromised by people being put in jail and intimidated, which is most regrettable.

What of Georgia? Well, there are some supporters for the Russians. It seems to me that supporting Russia and saying that Georgia started it all is a bit like blaming Czechoslovakia or Poland for what the Germans did. It is so disproportionate—

Mr. Deputy Speaker (Sir Michael Lord): Order. I am afraid that the hon. Gentleman has had his six minutes.

8.15 pm

Mr. David Wilshire (Spelthorne) (Con): By a happy coincidence—I hope it is happy—I got back from Moscow at lunchtime today, having spent two days there. I was there with the president of the Parliamentary Assembly of the Council of Europe and with the four political party group leaders, finalising our report for a part-session of the assembly next week. That report is on the consequences of the war between Russia and Georgia and the steps taken by both sides to implement Council of Europe resolution 1633, which demands the very things that people in this House and elsewhere in this country have been saying must happen.

I have been deeply involved in all these matters since the war broke out. That involvement has taken me to Tbilisi, Gori, South Ossetia and Moscow several times. All that experience has reinforced in me the belief that jumping to conclusions is usually a bad idea. Five months on, the scene looks really rather different. Five months ago, most of us believed that Russia had started the fighting, on 7 August. I think the world community has now come to the view that the fighting on 7 August was started by the Georgians. Who knows? Nevertheless, the criticism of both sides—I stress it is of both sides—is genuine, proper and needs to be addressed.

I did not want to speak on this matter. I do not want to talk tonight about who did what and when, or who is to blame and who is not. I should like to pick up on comments made in one of the documents before us:

> "The European Union has a vital interest in seeking stability, better governance and economic development at its Eastern borders."

I can only say amen to that. There are all sorts of reasons why; the economic ones were mentioned earlier. Russia is the EU's third largest trading partner; half of Russia's overseas trade is with the EU; and 25 per cent. of oil and gas coming into the EU countries comes from Russia. That is a clear case, but again it is not the one I want to pursue.

In the remaining time available to me, however, I want to focus on something more fundamental: whether our future security and our future prosperity are better with a stand-alone Russia or a Russia that is integrated into Europe. Russia is a country in transition. I support and agree with many of the remarks made by the right hon. Member for Walsall, South (Mr. George) about Russia's shortcomings; I have observed elections there as well. It is a country in transition from totalitarianism to democracy, and it is showing what a slow and difficult process that is. Russia has had Yeltsin chaos, the humiliation of a collapsed economy and the same financial crisis that we face. It is worth noting that unrest has already broken out in Vladivostok in respect of the financial crisis.

My recent visit has convinced me that the hon. Member for Kingston and Surbiton (Mr. Davey) is correct that Russians are asking the same question: is it better for Russia to go it alone or to integrate? My assessment—it is a guess, as who knows what goes on in the Kremlin—is that the Kremlin leadership thinks that going it alone is the better way forward, but that a significant minority disagrees with that view. If we cut off dialogue with Russia, we cannot help that minority, which needs our help. If we want to see what we are calling for—an end to some of the nonsense and a better democracy—we need to help those in Russia who believe in that.

Of course, that is not a call for business as usual. The Council of Europe investigation has made it blindingly clear to the Russians that we are not talking about business as usual; we are not even talking about a slap on the wrist. I understand only too well that if the international community does nothing, the Russians will have won, in a sense, if we want to talk in those terms. If on the other hand we do too much and try to kick Russia out of the world community—something we cannot do; the more I look at this matter, the more sympathy I have with the hon. Member for Thurrock (Andrew Mackinlay)—it will be as bad as doing too little. So it is not business as usual.

One may rightly ask whether, if the Russians have a problem and want our help, that situation matters to us. I suggest that there are a fair few pointers. Let us consider the issues involved. One is security. Does not the Russia-Georgia episode, whoever is to blame, tell us that we ought to worry about the security of Europe? Another issue is the gas situation involving Russia and Ukraine. Does it matter who is really to blame? The situation ought to tell us that our prosperity is at risk if we do not become engaged in it. Yesterday's murders in Russia, which the hon. Member for Walsall, North (Mr. Winnick) mentioned, and the spread of criminality matter to the rest of us.

Let me ask a final question. If the situation in Russia does matter, how can we help Russia to change? It is not keen on rapid change, which it has experienced twice recently. The Bolshevik revolution brought it chaos, and it did not much care for that rapid change; Yeltsin brought it change, and it did not much care for that either. So how do we help to bring about change? Do we do it by poking our tongue out, to quote the hon. Member for Thurrock? Do we do it by refusing to talk? Or do we do it by engaging, and helping those who want the same as us?

8.21 pm

Mike Gapes (Ilford, South) (Lab/Co-op): The European Scrutiny Committee and its Chairman are to be congratulated on bringing this issue to the House. For the reasons given by the hon. Member for Spelthorne (Mr. Wilshire), I think it very important for us to watch developments in Russia very closely.

It is clear that the arrogance and cockiness of the Putin period could change rapidly if the rapid reduction in gas and oil prices continues. Russia has had huge surpluses for many years. Now it faces the major challenges of reconstruction, a population that continues to decline or remains stable and a need for foreign investment, yet it causes problems with its attitude and behaviour. The Russian stock market has been taken out of operation several times, and has seen some huge crashes in which oligarchs have lost billions. I believe that there may be people in Russia now who will be quite worried about how the public will react in the coming years.

The Minister was right to refer to the need for a structured, regular dialogue with Russia, but that does not quite represent the permanent partnership arrangement that I think the Commission envisaged when it and the Council and Ministers agreed to reopen the process.

[Mike Gapes]

The Minister will know that, as we made clear in our 2007 report, the Foreign Affairs Committee was sceptical, indeed doubtful, about the point of reopening those discussions. We thought that it might lead to endless disputes about values and about issues that are still unresolved, such as the systematic harassment of the British ambassador in Moscow, the closure of the British Council offices, and the way in which—my right hon. Friend the Member for Walsall, South (Mr. George) referred to this—non-governmental organisations, human rights activists and others have been harassed.

As recently as December, the Duma passed new legislation that basically abolishes jury trial in a very large number of cases, and returns to the Stalinist period and the Bolshevik model for dealing with prosecutions. The definitions of people who are carrying out acts of treason could be interpreted to apply to anyone who speaks to a foreign journalist. If that is indeed the case, there are worrying trends in Russian society.

My right hon. Friend the Member for Walsall, South quoted the statistics correctly. It is not surprising, if the term "democracy" is associated with the drunken disaster of the Yeltsin era, that when people see a strong man bringing order out of chaos, they start to think that that is better than what they had before. Given the association with a rise in incomes resulting from a global increase in oil and gas prices, it is clear that for eight or nine years things have been getting better and better for most Russians, but that will not continue indefinitely.

Unlike China and India, Russia is massively dependent not on its own manufacturing or domestic growth or on foreign direct investment on manufactured goods and exports, but on the sale of crude commodities around the world. That makes Russia very vulnerable. We know that Russian society contains some very nasty political groups on the far right, including the Nashi group, who are supporters of President Putin but also support the people who carried out the attacks on the British diplomats in Moscow.

In the time that remains, I want to touch on two or three more issues. The Commission document refers to the development of

"a common position on Russia's proposal for a new European security order".

President Sarkozy has finessed that, as it were, into some kind of super-OSCE consideration, perhaps involving a meeting at some point in the next few months, but the issue is not going to go away. It is a long-standing Russian ambition effectively to get rid of NATO by establishing an all-Russian security system whereby it becomes very weak.

It occurs to me that the onset of President Obama today will pose some very difficult issues for the United States Administration. Like the hon. Member for Kingston and Surbiton (Mr. Davey), I attended the Democratic convention in Denver, and I was struck by the difference in the views expressed by Democrat academics on the panels when dealing with the attitude to Russia and Georgia. There is no consensus. I think that one of the important questions will be the direction in which President Obama's Administration go when it comes to issues such as missile defence, in regard to which there is clearly a need—from the Russian point of view—for a change in the American approach. Will that happen, and if it does, will we see constructive Russian engagement with the United States with the aim of solving the problems in the middle east and working towards a resolution of the situation in Iran?

Russia is an important partner and permanent Security Council member, and we also need good relations with her.

8.27 pm

Mr. William Cash (Stone) (Con): I very much concur—somewhat surprisingly, perhaps—with the closing remarks of the hon. Member for Ilford, South (Mike Gapes). It is absolutely essential that we maintain good and proper relations with Russia. The dialogue has been disturbed recently, but the reality is that we are dealing with a world power. It may be that a good many of its tanks and other equipment are rather dodgy nowadays, but the reality is that it still possesses massive inter-ballistic missile capacity, it is a country of enormous importance in world relations, and it has historically been integrated into the thinking of all the great nations of western Europe—and, indeed, the United States, China and India—over the last 150 or 200 years. It would be impossible and, I think, rather absurd for us to adopt the idea that we should not have the best possible relations with Russia, even given that there are a number of matters on which there are reservations.

As for the question of democracy, let us not forget that it is only relatively recently, in terms of the history of Russia, that we had a Soviet Union. We really must examine the situation realistically without prejudice to the difficulties in relation to human rights and so on to which reference has been made.

To achieve that, we must bear in mind relations with our other eastern European allies. I am not persuaded, as hon. Members know, that a European Union security arrangement is a good idea. I believe strongly in a form of association, and I know from my frequent visits to eastern Europe with the European Scrutiny Committee in the past few years—most recently to the Czech Republic—and my contacts in the Baltic states and so on that if one asks what has made those countries so interested in the European dimension, the answer is defence and their experience of being under Soviet domination during the time of the Soviet Union. We must therefore think carefully about a matter that has hardly been touched on today—missile deployment. We must ensure that Russia understands what we have in mind for NATO, and we must do everything to ensure that NATO survives and prospers. Some people's recent activities concerning Georgia—I single out those of President Sarkozy last August—were nothing more than grandstanding.

As I have said, Ossetia and other areas in that part of the continent were affected by the Kosovo declaration of independence and the European Union's reaction. Last February, a long time before the events took place, my hon. Friend the Member for Uxbridge (Mr. Randall) and I had spoken strongly about the matter and said that the subject should not be opened up because that would lead to other problems, including in Ossetia. Sure enough, it did. A strong policy that was well established in the 18th century is quieta non movere—let sleeping dogs lie. There are enclaves all over Europe—many more than people realise—and a recent interesting programme, "Crossing Continents", explained them. Kaliningrad is another. If the equilibrium is disturbed and a country with only 16,000 troops gets into conflict with the might of Russia, as Georgia did, the consequence is inevitable.

Mr. Wilshire: It may help the hon. Gentleman's argument if he knows that in the past two days I have heard it said repeatedly that what happened in Kosovo made it inevitable that there would be fighting.

Mr. Cash: I am very glad to have that endorsement because, last February, we were lone voices, although there were one or two others, including that of the hon. Member for Thurrock (Andrew Mackinlay). It is important to understand that.

On international law, I was gravely concerned by the statements made by our United Nations representative. Since then the matter has been referred to the International Court of Justice. There are many reasons why, in the light of what my hon. Friend has just said, it would have been far better for us not to be precipitate in adopting our position. I am much more uncertain about it and, having followed the situation, watched programmes, and read about it, the more uncertain I become. We must be careful.

On gas and energy supply, for many years I have been writing about the problems that I anticipate with Russia as North sea oil comes to an end. Although, as the Minister said, supplies from Russia are running at 2 per cent. at the moment, we all know that, even allowing for our arrangements with Norway, it will be necessary to draw on other gas supplies. They may come from the middle east, Qatar, or liquefied natural gas, but the bottom line is that Russia is a big player for the future, so it is important that we are realistic about our use of resources. I am very keen that we should be involved in responsible coal-fired carbon capture and nuclear development to ensure that we are not entirely dependent on Russia for gas into the indefinite future.

We must work on the basis of a proper dialogue with Russia. I am a little concerned about the line that my party's Front-Bench spokesmen have taken, but I have made my position clear. All I would say is that, in the circumstances, the best thing that I can do in response to the fact that my hon. Friend the Member for Rayleigh (Mr. Francois) has been promoted to the shadow Front Bench—

Mr. Deputy Speaker: Order.

8.34 pm

Caroline Flint: Our debate has been short but helpful. We have heard Back-Bench speeches from my hon. Friend the Member for Linlithgow and East Falkirk (Michael Connarty), my right hon. Friend the Member for Walsall, South (Mr. George) and my hon. Friend the Member for Ilford, South (Mike Gapes), and Opposition Back-Bench speeches from the hon. Members for Spelthorne (Mr. Wilshire) and for Stone (Mr. Cash).

It is important that the European Union is clear about what we want from our relationship with Russia and that we pursue it vigorously. It is also important that we recognise the valuable contribution that we can make to global challenges by working more closely with Russia. However, for that relationship to work, we need an open and honest dialogue with Russia, speaking up in defence of our interests and concerns when we disagree.

Such an approach enables the EU and the UK to achieve our international and domestic objectives, increasing security and prosperity for EU member states' citizens, as well as those of Russia.

Several issues were raised during the debate and I shall try to address them in the short time I have in which to speak. The hon. Member for Rayleigh (Mr. Francois) asked about the refusal to sign the partnership and co-operation agreement if Russia has not withdrawn in the conflict with Georgia. The negotiations are continuing and, as I said, their pace and tone will be affected by Russia's actions in Georgia, as well as other concerns. The Commission's negotiating mandate requires it to take into account developments in Georgia during the negotiations. However, placing unilateral vetoes on any agreement at this stage could jeopardise important outcomes that we all support.

The murder of Alexander Litvinenko was mentioned. It was a chilling crime, which placed thousands of innocent residents and visitors at risk. The courts here have issued a warrant for the arrest of Andrei Lugovoy on a charge of murder, and that warrant remains valid. The Russian refusal to respond satisfactorily to our request for his extradition has not deflected us from the overall objective of seeing him brought to trial before the UK courts.

My hon. Friend the Member for Linlithgow and East Falkirk raised some concerns about the way in which I have responded to the European Scrutiny Committee and the service that the Foreign and Commonwealth provides. I believe that we have kept the Committee quite well informed, but I am always prepared to listen to what more it might want. We have tabled written ministerial statements, and written several explanatory memorandums and letters. We got some compliments from the Lords scrutiny Committee about how well we have done. However, I note my hon. Friend's comments and welcome the Committee's interest.

European security architecture has been mentioned. We have tried and tested structures for delivering and promoting security in Europe, including NATO, the EU and the Organisation for Security and Co-operation in Europe. They can and do evolve to provide maximum security and stability. It is important that any new proposals about architecture—we have yet to see the details of President Medvedev's proposals—build on existing structures and do not undermine them.

I thank the European Scrutiny Committee for raising the issue. The short debate has been interesting and wide ranging. I look forward to discussing EU-Russia and UK-Russia relationships further with hon. Members. We need the goal of a firm, rules-based relationship between the EU and Russia. That can only be in the best interests of UK, EU and Russian citizens.

Question put:—

The House divided: Ayes 325, Noes 152.

Division No. 16] **[8.38 pm**

AYES

Abbott, Ms Diane
Ainger, Nick
Ainsworth, rh Mr. Bob
Alexander, rh Mr. Douglas
Allen, Mr. Graham
Anderson, Mr. David
Anderson, Janet
Armstrong, rh Hilary

Atkins, Charlotte
Austin, Mr. Ian
Austin, John
Bailey, Mr. Adrian
Baird, Vera
Baker, Norman
Balls, rh Ed
Banks, Gordon
Barlow, Ms Celia
Barrett, John
Barron, rh Mr. Kevin
Battle, rh John
Bayley, Hugh
Beckett, rh Margaret
Beith, rh Sir Alan
Benn, rh Hilary
Berry, Roger
Betts, Mr. Clive
Blackman, Liz
Blackman-Woods, Dr. Roberta
Blizzard, Mr. Bob
Bradshaw, Mr. Ben
Brennan, Kevin
Brooke, Annette
Brown, Lyn
Brown, rh Mr. Nicholas
Brown, Mr. Russell
Browne, Mr. Jeremy
Bryant, Chris
Burden, Richard
Burgon, Colin
Burnham, rh Andy
Burstow, Mr. Paul
Burt, Lorely
Butler, Ms Dawn
Byrne, rh Mr. Liam
Cairns, David
Campbell, Mr. Alan
Campbell, rh Sir Menzies
Campbell, Mr. Ronnie
Caton, Mr. Martin
Cawsey, Mr. Ian
Chapman, Ben
Clapham, Mr. Michael
Clark, Ms Katy
Clark, Paul
Clarke, rh Mr. Charles
Clelland, Mr. David
Clwyd, rh Ann
Coaker, Mr. Vernon
Coffey, Ann
Connarty, Michael
Cook, Frank
Cooper, rh Yvette
Corbyn, Jeremy
Cousins, Jim
Creagh, Mary
Cruddas, Jon
Cryer, Mrs. Ann
Cummings, John
Cunningham, Mr. Jim
Cunningham, Tony
Curtis-Thomas, Mrs. Claire
Davey, Mr. Edward
David, Mr. Wayne
Davidson, Mr. Ian
Da[illegible]s, Mr. Dai
Davies, Mr. Quentin
Dean, Mrs. Janet
Devine, Mr. Jim
Dismore, Mr. Andrew
Dobbin, Jim
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Dowd, Jim
Drew, Mr. David
Eagle, Angela
Eagle, Maria
Ellman, Mrs. Louise
Engel, Natascha
Ennis, Jeff
Etherington, Bill
Farrelly, Paul
Farron, Tim
Field, rh Mr. Frank
Fisher, Mark
Fitzpatrick, Jim
Flello, Mr. Robert
Flint, rh Caroline
Flynn, Paul
Follett, Barbara
Foster, Mr. Don
Foster, Mr. Michael
(Worcester)
Francis, Dr. Hywel
Gapes, Mike
Gardiner, Barry
George, Andrew
George, rh Mr. Bruce
Gerrard, Mr. Neil
Gibson, Dr. Ian
Gidley, Sandra
Gilroy, Linda
Goggins, Paul
Goldsworthy, Julia
Goodman, Helen
Griffith, Nia
Grogan, Mr. John
Gwynne, Andrew
Hain, rh Mr. Peter
Hall, Mr. Mike
Hamilton, Mr. David
Hamilton, Mr. Fabian
Hancock, Mr. Mike
Hanson, rh Mr. David
Harman, rh Ms Harriet
Harris, Dr. Evan
Harris, Mr. Tom
Harvey, Nick
Havard, Mr. Dai
Healey, rh John
Heath, Mr. David
Hemming, John
Hepburn, Mr. Stephen
Heppell, Mr. John
Hesford, Stephen
Hewitt, rh Ms Patricia
Heyes, David
Hill, rh Keith
Hodgson, Mrs. Sharon
Hoey, Kate
Holmes, Paul
Hoon, rh Mr. Geoffrey
Hope, Phil
Hopkins, Kelvin
Horwood, Martin
Howarth, David
Howarth, rh Mr. George
Howells, Dr. Kim
Hoyle, Mr. Lindsay
Hughes, rh Beverley
Huhne, Chris
Humble, Mrs. Joan
Hunter, Mark
Iddon, Dr. Brian
Illsley, Mr. Eric
Irranca-Davies, Huw
James, Mrs. Siân C.
Jenkins, Mr. Brian
Johnson, rh Alan
Jones, Helen
Jones, Mr. Kevan
Jones, Lynne
Jones, Mr. Martyn
Jowell, rh Tessa
Joyce, Mr. Eric
Kaufman, rh Sir Gerald
Keeble, Ms Sally
Keeley, Barbara
Keen, Alan
Keen, Ann
Kelly, rh Ruth
Kemp, Mr. Fraser
Kennedy, rh Jane
Khan, Mr. Sadiq
Kidney, Mr. David
Kilfoyle, Mr. Peter
Knight, rh Jim
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Laxton, Mr. Bob
Leech, Mr. John
Lepper, David
Levitt, Tom
Lewis, Mr. Ivan
Linton, Martin
Lloyd, Tony
Love, Mr. Andrew
Lucas, Ian
Mackinlay, Andrew
MacShane, rh Mr. Denis
Mactaggart, Fiona
Malik, Mr. Shahid
Mallaber, Judy
Mann, John
Marris, Rob
McAvoy, rh Mr. Thomas
McCafferty, Chris
McCarthy, Kerry
McCarthy-Fry, Sarah
McCartney, rh Mr. Ian
McDonagh, Siobhain
McFadden, rh Mr. Pat
McFall, rh John
McGovern, Mr. Jim
McGrady, Mr. Eddie
McGuire, rh Mrs. Anne
McIsaac, Shona
McKechin, Ann
McKenna, Rosemary
Meacher, rh Mr. Michael
Meale, Mr. Alan
Merron, Gillian
Michael, rh Alun
Milburn, rh Mr. Alan
Miliband, rh David
Miliband, rh Edward
Miller, Andrew
Mitchell, Mr. Austin
Moffat, Anne
Moffatt, Laura
Mole, Chris
Moon, Mrs. Madeleine
Moore, Mr. Michael
Moran, Margaret
Morgan, Julie
Morley, rh Mr. Elliot
Mudie, Mr. George
Mullin, Mr. Chris
Munn, Meg
Murphy, Mr. Denis
Murphy, rh Mr. Jim
Murphy, rh Mr. Paul
Naysmith, Dr. Doug
Norris, Dan
O'Brien, Mr. Mike
O'Hara, Mr. Edward
Oaten, Mr. Mark
Olner, Mr. Bill
Öpik, Lembit
Osborne, Sandra
Owen, Albert
Pearson, Ian
Plaskitt, Mr. James
Pope, Mr. Greg
Prentice, Bridget
Prescott, rh Mr. John
Primarolo, rh Dawn
Prosser, Gwyn
Pugh, Dr. John
Purchase, Mr. Ken
Purnell, rh James
Raynsford, rh Mr. Nick
Reed, Mr. Jamie
Reid, Mr. Alan
Reid, rh John
Rennie, Willie
Riordan, Mrs. Linda
Robertson, John
Robinson, Mr. Geoffrey
Rogerson, Dan
Rowen, Paul
Roy, Mr. Frank
Roy, Lindsay
Ruane, Chris
Ruddock, Joan
Russell, Bob
Russell, Christine
Ryan, rh Joan
Salter, Martin
Sanders, Mr. Adrian
Seabeck, Alison
Shaw, Jonathan
Sheridan, Jim
Simon, Mr. Siôn
Simpson, Alan
Skinner, Mr. Dennis
Slaughter, Mr. Andy
Smith, rh Mr. Andrew
Smith, Ms Angela C.
(Sheffield, Hillsborough)
Smith, Angela E. *(Basildon)*
Smith, rh Jacqui
Smith, John
Soulsby, Sir Peter
Southworth, Helen
Spellar, rh Mr. John
Stewart, Ian
Stoate, Dr. Howard
Strang, rh Dr. Gavin
Straw, rh Mr. Jack
Stunell, Andrew
Sutcliffe, Mr. Gerry
Tami, Mark
Taylor, Ms Dari
Taylor, David
Taylor, Matthew
Thurso, John

Timms, rh Mr. Stephen
Tipping, Paddy
Todd, Mr. Mark
Touhig, rh Mr. Don
Trickett, Jon
Truswell, Mr. Paul
Turner, Mr. Neil
Vis, Dr. Rudi
Waltho, Lynda
Watts, Mr. Dave
Webb, Steve
Whitehead, Dr. Alan
Wicks, rh Malcolm
Williams, rh Mr. Alan
Williams, Mrs. Betty
Williams, Mark
Williams, Mr. Roger
Willott, Jenny
Wills, rh Mr. Michael
Wilson, Phil
Winnick, Mr. David
Winterton, rh Ms Rosie
Wood, Mike
Woodward, rh Mr. Shaun
Woolas, Mr. Phil
Wright, Mr. Anthony
Wright, David
Wright, Mr. Iain
Wright, Dr. Tony
Wyatt, Derek
Younger-Ross, Richard

Tellers for the Ayes:
Claire Ward and
Ms Diana R. Johnson

NOES

Afriyie, Adam
Amess, Mr. David
Ancram, rh Mr. Michael
Arbuthnot, rh Mr. James
Atkinson, Mr. Peter
Bacon, Mr. Richard
Baldry, Tony
Barker, Gregory
Baron, Mr. John
Bellingham, Mr. Henry
Benyon, Mr. Richard
Bercow, John
Blunt, Mr. Crispin
Bone, Mr. Peter
Boswell, Mr. Tim
Bottomley, Peter
Brady, Mr. Graham
Brazier, Mr. Julian
Brokenshire, James
Browning, Angela
Burns, Mr. Simon
Burt, Alistair
Butterfill, Sir John
Campbell, Mr. Gregory
Carswell, Mr. Douglas
Chope, Mr. Christopher
Clappison, Mr. James
Clark, Greg
Clarke, rh Mr. Kenneth
Clifton-Brown, Mr. Geoffrey
Cox, Mr. Geoffrey
Crabb, Mr. Stephen
Curry, rh Mr. David
Davies, Philip
Davis, rh David
Djanogly, Mr. Jonathan
Dorrell, rh Mr. Stephen
Dorries, Mrs. Nadine
Duncan, Alan
Dunne, Mr. Philip
Ellwood, Mr. Tobias
Evans, Mr. Nigel
Evennett, Mr. David
Fabricant, Michael
Field, Mr. Mark
Francois, Mr. Mark
Fraser, Christopher
Gale, Mr. Roger
Garnier, Mr. Edward
Gauke, Mr. David
Gibb, Mr. Nick
Gillan, Mrs. Cheryl
Goodman, Mr. Paul
Goodwill, Mr. Robert
Green, Damian
Greening, Justine
Greenway, Mr. John
Grieve, Mr. Dominic
Hammond, Mr. Philip
Hammond, Stephen
Hands, Mr. Greg
Harper, Mr. Mark
Heathcoat-Amory, rh Mr. David
Hendry, Charles
Hoban, Mr. Mark
Hollobone, Mr. Philip
Holloway, Mr. Adam
Hurd, Mr. Nick
Jack, rh Mr. Michael
Jackson, Mr. Stewart
Jenkin, Mr. Bernard
Jones, Mr. David
Kawczynski, Daniel
Key, Robert
Kirkbride, Miss Julie
Knight, rh Mr. Greg
Leigh, Mr. Edward
Letwin, rh Mr. Oliver
Lewis, Dr. Julian
Liddell-Grainger, Mr. Ian
Lidington, Mr. David
Lilley, rh Mr. Peter
Llwyd, Mr. Elfyn
Loughton, Tim
Luff, Peter
Mackay, rh Mr. Andrew
Maclean, rh David
Malins, Mr. Humfrey
Maples, Mr. John
Mason, John
McIntosh, Miss Anne
McLoughlin, rh Mr. Patrick
Mercer, Patrick
Miller, Mrs. Maria
Milton, Anne
Mitchell, Mr. Andrew
Moss, Mr. Malcolm
Murrison, Dr. Andrew
Newmark, Mr. Brooks
O'Brien, Mr. Stephen
Osborne, Mr. George
Ottaway, Richard
Paice, Mr. James
Paterson, Mr. Owen
Pelling, Mr. Andrew
Penning, Mike
Prisk, Mr. Mark
Pritchard, Mark
Randall, Mr. John
Redwood, rh Mr. John
Robathan, Mr. Andrew
Robertson, Angus
Robertson, Hugh
Robertson, Mr. Laurence
Rosindell, Andrew
Ruffley, Mr. David
Scott, Mr. Lee
Selous, Andrew
Shapps, Grant
Simmonds, Mark
Simpson, Mr. Keith
Spelman, Mrs. Caroline
Spicer, Sir Michael
Spink, Bob
Spring, Mr. Richard
Stanley, rh Sir John
Steen, Mr. Anthony
Stuart, Mr. Graham
Swire, Mr. Hugo
Syms, Mr. Robert
Taylor, Mr. Ian
Taylor, Dr. Richard
Timpson, Mr. Edward
Turner, Mr. Andrew
Tyrie, Mr. Andrew
Vaizey, Mr. Edward
Vara, Mr. Shailesh
Villiers, Mrs. Theresa
Walker, Mr. Charles
Wallace, Mr. Ben
Walter, Mr. Robert
Waterson, Mr. Nigel
Watkinson, Angela
Weir, Mr. Mike
Widdecombe, rh Miss Ann
Wiggin, Bill
Williams, Hywel
Wilson, Mr. Rob
Winterton, Ann
Winterton, Sir Nicholas
Wishart, Pete
Young, rh Sir George

Tellers for the Noes:
James Duddridge and
Jeremy Wright

Question accordingly agreed to.

Resolved,

That this House takes note of European Union Documents No. 15299/08, Commission Communication Review of EU-Russia Relations and No. 15300/08, Commission Staff Working Document accompanying the Commission Communication Review of EU-Russia Relations; and supports the Government's policy on the future of the relationship in view of recent developments.

Business without Debate

DELEGATED LEGISLATION

Mr. Deputy Speaker (Sir Michael Lord): With the leave of the House, we shall take motions 4, 5 and 6 together.

Motion made, and Question put forthwith (Standing Order No. 118(6)).

CAPITAL GAINS TAX

That the draft Double Taxation Relief and International Tax Enforcement (Taxes on Income and Capital) (Isle of Man) Order 2008, which was laid before this House on 13 November, in the previous Session of Parliament, be approved.

That the draft Double Taxation Relief and International Tax Enforcement (Taxes on Income and Capital) (Netherlands) Order 2008, which was laid before this House on 13 November, in the previous Session of Parliament, be approved.

That the draft Double Taxation Relief and International Tax Enforcement (Taxes on Income and Capital) (France) Order 2008, which was laid before this House on 13 November, in the previous Session of Parliament, be approved.—*(Mr. Frank Roy.)*

Question agreed to.

EUROPEAN DOCUMENTS

Motion made, and Question put forthwith (Standing Order No. 119(11)).

SAFETY OF TOYS

That this House takes note of European Union Document No. 5938/08 and Addenda 1 and 2, draft Directive on the safety of toys; and welcomes the Government's actions in support of European measures aimed at securing an appropriate level of safety for toys available on the internal market and a strengthened internal market mechanism without imposing a disproportionate burden on the UK toy industry. —*(Mr. Frank Roy.)*

Question agreed to.

PETITIONS

Northern Rock

8.55 pm

Mr. Ronnie Campbell (Blyth Valley) (Lab): I have a petition from the Northern Rock shareholders of my constituency—*[Interruption.]*

Mr. Deputy Speaker (Sir Michael Lord): Order. A petition is being presented. Will hon. Members who are leaving do so quickly and quietly so that we can proceed?

Mr. Campbell: I have a petition from the shareholders of my constituency. They are asking for a fair contribution from the Government and a fair share of the shares that they lost when Northern Rock was taken over and nationalised.

Following is the full text of the petition:

[The Petition of small shareholders and supporters of Northern Rock of the Blyth Valley constituency in the North East of England,

Declares that it welcomes the acknowledgement by the Government that it must pay compensation for nationalising Northern Rock plc, but that the terms of reference for the valuation of the shares are wrongly based as the company was not in administration and was still a 'going concern'.

Further declares that if these terms are unchanged there will not be a fair compensation payment which will lead to many in our region having their savings and pensions undermined which in turn will have a negative impact on the North East's economy.

The Petitioners therefore request that the House of Commons calls on the Government to reconsider the terms of reference given to the valuer so that he can fully reflect the true value of Northern Rock shares.

And the Petitioners remain, etc.

[P000307]

8.56 pm

Mr. Chris Mullin (Sunderland, South) (Lab): I have a similar petition, signed by nearly 200 of my constituents who are concerned that they may not receive a fair valuation for their shares in Northern Rock.

The petition states:

The Petition of small shareholders and supporters of Northern Rock of the Sunderland South constituency in the North East of England,

Declares that it welcomes the acknowledgement by the Government that it must pay compensation for nationalising Northern Rock plc, but that the terms of reference for the valuation of the shares are wrongly based as the company was not in administration and was still a 'going concern'.

Further declares that if these terms are unchanged there will not be a fair compensation payment which will lead to many in our region having their savings and pensions undermined which in turn will have a negative impact on the North East's economy.

The Petitioners therefore request that the House of Commons calls on the Government to reconsider the terms of reference given to the valuer so that he can fully reflect the true value of Northern Rock shares.

And the Petitioners remain, etc.

[P000310]

Rail Fare Increases (South-East)

Motion made, and Question proposed, That this House do now adjourn.—*(Mr. Watts.)*

8.58 pm

Gregory Barker (Bexhill and Battle) (Con): I am extremely grateful for this debate on rail fare increases in the south-east, because it gives me the chance to put before the House an issue of real concern to my constituents, which is causing a great deal of anger among train passengers in my part of Sussex.

My constituents in Bexhill and Battle are particularly appalled at the astronomical train fare hikes being imposed by Southeastern Trains on the Hastings to Charing Cross lines. My constituents, who rely on stations such as Stonegate, Etchingham, Robertsbridge, Battle and Crowhurst, are rightly angry and up in arms about excessive and unjustified ticket price rises.

This January, as the Minister will know, regulated fares rose by an average of 6 per cent. nationally, more than 3 per cent. over inflation, despite repeated Government promises that they would rise by only 1 per cent. above inflation. The Government have chosen to use the July 2008 figure of 5 per cent. inflation rather than the year-end figure of 2.1 per cent. as the base rate, directly hitting passengers in the pocket at a time when Labour's recession is squeezing hard-working families' finances in Bexhill and Battle just as it is everywhere else in the country.

Sir George Young (North-West Hampshire) (Con): Does my hon. Friend recall that in the period immediately after privatisation regulated fares were controlled at RPI—the retail prices index—minus 1? Does he agree that that was part of a sustainable transport policy that gave a clear signal to rail passengers that their fares would go up by less than the rate of inflation? Does not moving to RPI plus make it more difficult to have a sustainable transport policy?

Gregory Barker: My right hon. Friend makes an excellent point about short-term rip-offs. Unfortunately, the combination that we have now is the worst of both worlds, as I shall explain a little later in my remarks. There is a total lack of long-term strategy and, as a result, short-term fare hikes are being made because of the failure to invest for the long term.

Why have these huge national price increases been made? The Government have obliged the train operating companies to pay huge franchise premium payments, which can be met only by increasing the fares. In effect, that is another way for the Government to claw money from the public: in effect, it is another stealth tax. Why are the Government making rail travel so much more expensive at a time when Ministers preach to us that we should all be switching to public transport to lower emissions and reduce traffic congestion?

Just this week, figures came out showing that, in terms of cost per mile, Britain's rail passengers are the most hard squeezed in Europe. Now, I do not expect fares here to compare with fares in Serbia, where £10 will take one 512 miles, but it does seem ridiculous that, in Britain, for the same money one can travel just 26 miles. In reality, the Government's mismanagement of our rail network over the past decade, and their failure to get costs under control, have meant that they have no long-term strategy to cope with the increasing demand for rail travel other than simply to price people off the railways by raising fares.

Consistent under-investment and a lack of strategic vision have led to unfair price rises and to the taxpayer, yet again, bearing the brunt of the Prime Minister's sloppy financial management. Nowhere in the country is that more true than in my constituency and elsewhere along the East Sussex-Kent border, where commuters have borne price increases well into double figures. For example, my constituents who travel from Battle station into central London have suffered a 10.3 per cent. increase in the price of a weekly season ticket.

Etchingham is another town in my constituency, and people who commute from there have suffered an 8.3 per cent. rise in fares. That is clearly above the national limit of 6 per cent., but it is also higher than even the 8 per cent. that had to be permitted by the regulator as "an exception" to Southeastern trains.

So what is the justification for this extra cost? It is to subsidise the deployment of the Javelin train, on a line that will not even service any stations in my constituency. The pill becomes even more bitter for my constituents in Battle to swallow because they know that they are suffering fare increases greater than those being imposed at Ashford station, which at least will see the benefit of the new Javelin train.

Nor is the Javelin train on the Ashford line an easy alternative, as some people at head office seem to think, because in fact Ashford is 34 miles from Battle. This all smacks of a cursory knowledge of our area on the part of those making decisions in London. The rises imposed by the Department for Transport in Whitehall singularly fail to understand the geography of East Sussex; it is centralised, top-down decision making of the worst possible sort.

I understand and support entirely the need for new investment in our railways. Indeed, my party recently announced plans for a new national network of high-speed trains—British TGVs fit for the new century. In addition, I accept that our new carbon emissions targets, adopted in the Climate Change Act 2008, have give an even greater urgency and focus to the goal of modernising our transport networks.

After 10 years of neglect and under-investment, with severe capacity shortages on our networks and with the Treasury already at historic levels of debt, the costs of this investment are necessarily borne by those who will benefit from improved services. Indeed, the Government's White Paper of 2007 enshrined the sensible concept that "the user pays". But that, in essence, is the problem and the gripe on our line, because my constituents are not the users of this new service.

I do not object to the new Javelin trains—far from it. I welcome them, but why are my constituents being singled out to bear a disproportionate burden of the cost of that new investment? And to rub salt into the wound, rather than suffering fare increases to see an improved service on their own line at least, they are subsidising other areas. My constituents are paying over the odds and face the galling prospect of a deteriorating service on their own Hastings to Charing Cross line.

[Gregory Barker]

My constituents are not alone. Amber Rudd, the hard-working Conservative candidate in Hastings, has made this point in her local campaign against the 10.39 per cent. price increases at Hastings and has written to tell me:

> "Each year local commuters have been stung by exorbitant increases in the price of rail travel. This year we are enduring an increase of over 10 per cent. But there is no corresponding improvement in our services—no more seats on the crowded trains, or faster travel to London. How long are Hastings residents to endure a deteriorating service at an ever increasing cost?"

The figures bear out Amber Rudd's concerns. More than a quarter of passengers using Southeastern's services rate availability of seats as poor and complain about the company's handling of delays, more than a third rate their value for money as poor, and more than 40 per cent. criticise the lack of parking space at stations, an issue that is particularly acute in my constituency at Battle, Crowhurst, Stonegate and over the border at Wadhurst in the constituency of my hon. Friend the Member for Wealden (Charles Hendry). A staggering 50 per cent. rate the toilet facilities and availability of staff as poor.

Can we expect any improvements? Hardly. In the past two weeks Southeastern has announced the axing of 300 jobs, so it seems unlikely that my constituents will suddenly find cleaner toilets or more helpful staff on station platforms. Even more seriously, my constituents frequently endure severe overcrowding on long journeys. Morning peak services average 14 per cent. of passengers standing, and capacities hitting 36 per cent. over the recommended load factor of the trains. The Government's response to such overcrowding seems to be simply to price people off the trains.

My constituents have suffered declining quality of service and sustained price increases, despite the long-running campaigns to improve services led at a district level by hard-working local councillors to whom I pay tribute, such as Rother Councillor Ian Jenkins from Etchingham, and at county council level by the cabinet transport member Councillor Matthew Locke. Can the Minister explain to my constituents what the double-digit increases will be paying for on their line? Can the Minister explain why, when the Government claim to be trying to attract people on to the railways, it now costs less for two people to drive into London from my constituency than to take the train, even at the cheapest fares?

The Labour Government seem to have no long-term strategy to fix the problem. They have pressed ahead with a policy of short-term franchises that has given operators no incentive to make long-term investments in infrastructure or rolling stock. Many carriages have a lifespan of 30 years plus. To expect standards to be maintained when franchise holders have as little as five years' interest in the business is naive and ridiculous, and it is the passengers who suffer. No wonder nearly a fifth of Southeastern's passengers complain about the upkeep of station buildings and the repair of trains.

Parking provision has clearly had no strategic oversight. I frequently arrive at stations such as Battle and Crowhurst to find streets around the station choked with parked cars. Passengers often find stations unmanned, which, as well as being frustrating for those in need of information, means that some disabled rail users struggle to access the service at all.

Is it not clear that we must re-evaluate how rail franchises are operated? We cannot just blame the companies. Longer-term franchises will give companies a sound business reason to make the long-term investment that is needed. In addition, squeezing rail companies for vast sums over short periods leads them desperately to cash-crop the consumers for five or eight years without making a significant investment beyond re-branding the timetables, before handing on a crumbling service to someone else.

We must free franchise operators from constant Whitehall meddling. There is a pressing need to incentivise private sector investment in our railways. Given that Ministers now have more control over rail operations than was the case under British Rail, it is not surprising that operators are often hard-pressed to find reasons to stay in the sector for the long term. Longer-term vision, and more flexible franchises with a focus on customer satisfaction and quality of service, are essential.

If we are to hit our 2050 emissions targets and enjoy the rewards of decarbonising our economy, rail must play a crucial role as it provides reliable low-carbon transport that is good value for money and enhances, not detracts, from the quality of life of constituents such as mine in Bexhill and Battle. We must put rail at the heart of a sustainable transport system and make the right long-term investments now to ensure that we have the transport system that we will need in future decades. However, if in so doing the Government tread unfairly on parts of the country, such as my constituency, that already rely heavily on these transport links, and if in these challenging economic times, they expect those areas to be unfairly and disproportionately penalised and to subsidise projects elsewhere after years of squandered public spending, they will punish the very rail users whom they profess to be making these investments to help.

People in the south-east are no strangers to being ripped off by Labour. The Prime Minister is desperate to tell us about all the "real help" that he is giving hard-working British families. We have seen precious little of that in Bexhill and Battle. Will the Minister tell us what real help he will give in respect of rail fares on the Hastings line? How can he make them fairer and more proportionate? Can he assure my constituents that the past 10 years of strategic anarchy on our railways will come to an end? Can he explain why, despite claiming to have seen the light on high-speed rail, the Government have given no commitment that any new high-speed rail infrastructure will be built? Can he explain why, despite their pledge two years ago to introduce 1,300 new carriages—without which the National Audit Office has said overcrowding will continue to get worse—they have yet even to order that number, let alone bring them into service?

Against that backdrop of failure, under-investment and lack of foresight, can the Minister claim to have a sensible and coherent strategy to provide a transport system that delivers value for money, let alone helps us reach our emissions reduction targets?

Mr. Christopher Chope (Christchurch) (Con): I am delighted to congratulate my hon. Friend on securing this important one-and-a-half-hour debate. Is he disappointed that not a single Labour Back Bencher from England is present in the Chamber?

Gregory Barker: I am disappointed. I thought that the hon. Member for Hastings and Rye (Michael Jabez Foster) might have been here, given his constituency's significant interest in the debate. However, we know that Amber Rudd, who we hope will be his successor, is campaigning hard on these issues; I know that she will make the voice of Hastings heard on this issue.

Can the Minister at least give the House the assurance that his Department will, if nothing else, look again at the maps of Kent and East Sussex, take on board how unfair it is that my constituents are singled out to pay for the new Javelin train service—which lies way beyond a sensible drive time from Bexhill and Battle—and endeavour to come up with a more equitable and logical way to spread the load of payment for those trains?

9.14 pm

Mr. Roger Gale (North Thanet) (Con): I thank my hon. Friend the Member for Bexhill and Battle (Gregory Barker) for creating this opportunity for those of us who represent seats in the south-east to refer to a source of burning anger for our constituents.

This is the third year in succession in which our constituents—my constituents travelling from Margate, and those travelling from Westgate-on-Sea, Birchington-on-Sea, Herne Bay and right across east Kent—have faced an above-average fare increase. We are told that that increase is necessary to pay for the bullet train to which my hon. Friend referred—the much-vaunted fast rail service that is going to speed the journey from Kent to St. Pancras. The advertising on Southeastern's website says:

> "New high speed train services from Kent to St Pancras…will dramatically reduce journey times."

Oh no they will not. They might reduce the travelling time just a little from east Kent to St. Pancras, but my constituents do not want to go to St. Pancras—they want to go to Victoria, Cannon Street and Charing Cross. Coming in from the south of London, most of them, as the Minister knows only too well, do not work in north London; they work around Westminster or Victoria, or in the City around Cannon Street. They are used to catching a train to one of the riverbank termini and then walking, or even taking a fold-up bike and cycling, to work. My constituents are going to be made to pay higher prices to travel to a station they do not want to go to and then pay a tube fare to get back to the place where they actually want to be, thus adding time to their journey. The bottom line is that my constituents are going to pay more for less.

The trains from east Kent are now slower than they were in 1927. I have looked at the timetable. It takes about an hour and 40 minutes to get by train from Thanet to London—a journey of about 70 miles. I am not a genius with figures, but that suggests a speed of between 30 and 40 mph, which is not very fast in this day and age. The high-speed link, we are told, will knock a few minutes off the journey time from east Kent to St. Pancras—but not to where my constituents want to be. I have travelled on this line previously; I am probably the only living person who has. British Rail [illegible] shows how long ago it was—made the mistake of [illegible] an engineering train from Victoria to Ramsgate. It did that on old track, with old rolling stock, in one hour flat—60 minutes. To be fair, to enable that to happen it had to clear a path by moving two trains in front, but the point is that it can be done. Under these proposals, it will not be done and we are facing an above-average fare increase designed to pay for a service that my constituents do not want to use.

In a letter to my commuting constituent, Sharon Reeve from Herne Bay, the customer relations team leader for Southeastern, Frances Maynard, wrote:

> "the 2009 increase for Southeastern 'regulated' fares (season tickets and many Anytime tickets) is based on the retail price index (RPI) plus another three per cent. This is the formula that was set by the Department of Transport when the franchise began in…2006.
>
> The July 2008 RPI figure is used, which was five per cent."—

much higher than inflation now. She goes on:

> "So the average increase for Southeastern regulated fares is eight per cent. This is an average, so some will be more and others will be less."

Surprise, surprise—for the Kent coast line it is more, as it was last year and the year before. Why? Because, says Frances Maynard:

> "Government's policy is for passengers to pay more towards the cost of their rail travel and taxpayers to contribute less. So as regulated fares increase the subsidy given by Government to Southeastern decreases."

In the franchise briefing document issued by the Strategic Rail Authority before Southeastern took over the franchise, it was made plain that these increases and the Government's decrease in subsidy could be phased over the lifetime of the franchise. What Southeastern is doing—it is blindingly obvious—is loading the costs up front as far and as hard as it possibly can in order to get as much money in as quickly as it possibly can.

Sadly, the Government have declined to make available the models for those fares and journey times, and for the number of trains running on those lines to individual stations—such as Victoria, Charing Cross, Cannon Street and St. Pancras—on the grounds that it might be commercially sensitive with regard to Southeastern and Govia. Govia is a good name because if someone wants to get to Cannon Street, Victoria, Whitehall or the City, they will have to go via St. Pancras, and then do so again on the way back home, to get where they wanted to be. That does not sound like progress to me.

The Minister, who is a personal friend, has to come up with some answers. He knows the situation only too well because his constituents use the same line as mine—they just catch it a bit closer to London where the trains are a bit more crowded. They, too, will get less for more and will have to travel to a station they do not want to go to. I suggest that his majority is—if he will pardon the pun—on the line, literally. In this case, it is the Kent coast line. When he replies, I hope he will explain to me how he will explain to his constituents who travel from Kent why they are being burdened with the costs of journeys they do not want to make.

9.21 pm

Greg Clark (Tunbridge Wells) (Con): I congratulate my hon. Friend the Member for Bexhill and Battle (Gregory Barker) on securing this important debate. Commuters in Tunbridge Wells suffered a double whammy

[Greg Clark]

at the beginning of the year because they faced fare increases of 10 per cent., while capacity on some of the peak services has been reduced by 20 per cent. It is as if they are subject to a bizarre game of musical chairs in which they pay more for a seat and it then gets taken away from them. I shall address both of those points in turn.

As my hon. Friend eloquently said, we face fare increases well above inflation. The increase is 10 per cent. in Tunbridge Wells this year, following one of 7.9 per cent. the previous year. We can look forward to increases for a further two years, all because the Government, in the tendering document, required Southeastern customers to pay for the costs of the channel tunnel rail link. On the Hastings line, from Sevenoaks right down to Hastings, none of our constituents would benefit from the high-speed line. It is fantastic that it is going ahead, and those who can benefit from it clearly have cause for celebration, but no one in Tunbridge Wells, High Brooms, Tonbridge or any of the stations used by my constituents will benefit. Indeed, we actively disbenefit in the following way.

Journey times from Ashford, which now last 83 minutes on average, will fall to 36 minutes. In so far as there is competition between our towns, Ashford will be more attractive in commuting terms than Tunbridge Wells. We think we have manifest charms that might make up for that, and we are confident that we can hold our own, but nevertheless it is galling for my constituents that they will have no reduction in journey time, while paying the same or more than commuters in Ashford.

As my hon. Friend pointed out, in Hastings the situation is even worse. MPs representing constituents along the A21 and the line from Sevenoaks to Hastings have come together with the district and county councils in the area to create a reference group to promote the importance of improving transport links in the region. One of the consequences of the fare increases and the new high-speed rail line is that Hastings will be more isolated in transport terms than it has been to date. Ramsgate will have a high-speed rail link, and people will be able to get to London much faster; train services from Brighton to London are much better than they are from Hastings; and the relative position of a town such as Hastings, which needs all the help it can get to regenerate itself and is making great efforts in that regard, will be relatively disadvantaged. We can add to that continuing problems with congestion on the A21, which desperately needs an upgrade in the form of a dual carriageway between Tonbridge and Pembury, and between Kippings Cross and Lamberhurst. Until we get that improvement, and as a result of the fare increases, Hastings will be further disadvantaged by the changes.

I shall deal with overcrowding, although I am disappointed to have to raise the issue. It is important that we get value for money. My constituents feel that the service provided by Southeastern over the past few years was much better than that provided under the Connex South Eastern franchise; there was an improvement. There have been improvements to stations, too—they have been painted and brought up to date. The service has deteriorated recently, but up until then, the service was more reliable than in the past. Given that background, it disappoints me that without any fanfare—without any publicity at all, as far as I can see—the decision was taken to reduce capacity from 10 carriages to eight on five peak-time trains servicing Tunbridge Wells. The reason that Southeastern gives for that is that it needed to react to deteriorating economic conditions.

Southeastern is implying a radical cut of 20 per cent. in the number of commuters—a cut that I am certain has not taken place, because the consequence of the move made in recent weeks is that peak-time trains have become even more crowded. Of the five trains between 6.56 and 7.56 in the morning that link Tunbridge Wells and Charing Cross, three have had their carriage numbers reduced from 10 to eight. Let me share some of the consequences with the House.

My constituent Philip Ashworth wrote to me on the issue. Again, he was not informed of the policy decision. He says:

> "Monday 5th Jan…8 carriages rather than 10…commuters pack in the carriages like Sardines!
>
> Tuesday 6th…8 carriages rather than 10…standing all the way to London…Wednesday 7th, short rail stock—train packed.
>
> Thursday 8th short rail stock—train packed".

And so it continues on Friday 9 January and beyond. We have a deteriorating service, but the price has rocketed.

My constituent Chris Comorford has done calculations that show that however one looks at it—whether we base the calculation on distance travelled or the speed of the service—Tunbridge Wells is becoming one of the most expensive places in the south-east to commute from, mile for mile or minute for minute. For example, commuters travel an additional 4 miles to get to Reading, but they do so at more than twice the average speed. The journey from Tunbridge Wells to London is twice as expensive. We are paying more money and getting a poorer service. We need to address that before measures to ensure sustainable transport are affected in the wrong way. We want people on the rails, not the roads. The Tunbridge Wells and District Railway Travellers Association, led by Martin Lewis, shares my concerns and those of my constituents on the issue.

I close by putting to the Minister a suggestion made by my constituent, Mr. Ashworth:

> "Can I suggest that we are able to buy 3rd class tickets, standing room only at half current price, perhaps commuters would not feel so grieved!"

I hope it will not come to that. I hope the Minister will be able to exert his influence on Southeastern. I hope that Charles Horton and his staff at that company hear my constituents' stories and learn of the situation that they face, and so review the decision to cut peak-time capacity. The company has promised us extra trains by December 2009—two extra trains from Tunbridge Wells to London—so it seems perverse to squeeze capacity now only to increase it later. I hope the Minister can use his good offices to influence the company, and I hope the company listens to constituents and returns to the high levels of service that, until recent months, we had come to expect from it.

9.28 pm

Charles Hendry (Wealden) (Con): I am delighted to support my hon. Friend the Member for Bexhill and Battle (Gregory Barker) in this debate. You will see, Mr. Deputy Speaker, on my Bench the epicentre of sensible transport policy for the Tunbridge Wells, Bexhill and Battle, and Wealden triangle; we are the people driving forward change and making sure that the interests of our constituents are well-represented. I agree with every word my hon. Friend said. What he said applied to many of my constituents. Many of them use the Hastings line. They get on at Frant or Wadhurst, but the train is often full by that time. They have to park a significant distance from the stations because of inadequate parking facilities in the area, and they are paying more for the privilege all the time.

My constituency is served by three lines. The line to Hastings is one, the Uckfield line is another—one would be forgiven for thinking it a tourist route it is so slow; it takes about an hour and an quarter to do the 40 miles from Uckfield to London—and the third is the line down to Lewes and Eastbourne. Those lines present different problems, but the challenge for my constituents is that, as others have said of their constituents, they are paying more and getting less for it.

We have to be fair to Southern. On the Uckfield line in particular we have seen a dramatic improvement in the quality of the service in the seven years in which I have been the MP. Since Southern took over the franchise, we have had trains that largely run on time, which are clean and which have friendly staff. The travelling experience on that line has been significantly enhanced, although that does not apply to the other lines in quite the same way. The consequence of that improved service is that the popularity of those lines has grown, and there is now significant overcrowding. People travelling from London down to Uckfield find that they may stand as far as Eridge or Crowborough. People getting on in the morning often have to stand for as much as an hour of the journey up to London. That is not an acceptable level of service for people to expect.

If people were getting more in return for the money that they are paying, they would not mind so much, but we are not seeing the longer trains. We ought to have longer trains to accommodate the passengers who are using the services. We ought to be seeing more trains later in the evening, too, to ensure that people can come up to London and get back, having gone to the theatre or been for an evening out. We ought also to be seeing more regular trains. However, we are not seeing those improvements in the service; we are seeing a reduction in the service. On the line that serves the constituency of the hon. Member for Lewes (Norman Baker), which runs down to Polegate, where people in Hailsham would catch the train, people are seeing a reduction in the number of trains offered. The service continues to be chipped away at, when it should be being improved.

One fundamental problem is that although people are paying a lot of money for their train tickets and a significant amount to park, they simply cannot park, because of the inadequate number of parking spaces available. On the Uckfield line, that problem starts at Uckfield, where we have 14 parking spaces. That means that people cannot park there, so they go up the line to Buxted, parking all around the village, causing huge amounts of disruption and damaging the interests of local businesses, because shoppers cannot park outside. The car parks will be largely full as far up the line as Eridge, where there will typically be 100 cars parked on the verges round the station, blocking people's driveways and causing huge inconvenience. If people are paying premium prices for the service, they should be able to expect the right investment to go into improving the overall travelling experience.

Indeed, people in Uckfield do not even have a station at the moment. The previous station had to be removed because it had rats. The station mistress was attacked by a rat and the station was closed as an unfit place to work, but we do not have anything else. In spite of the huge amount of money that people are paying, they do not even have a station that they can use. We are told that if a new station were put on the site, we would have to find a significant amount towards its cost from local council tax payers, who are already hard-pressed; but they should expect a station as of right.

We are not getting the service that we expect, but there is another thing that I hope the Minister will address: this evening we are highlighting a problem that has got worse, but we are profoundly concerned that it will get worse still. We know that the Government plan to impose thousands of new houses on our constituencies over the coming years. They are not wanted. We recognise that there needs to be some additional new house building, but building on the scale proposed is absolutely without justification and will do massive damage to the beauty of our constituencies.

What we are not getting, however, is the investment in the infrastructure to support those houses. The people in my constituency, in Bexhill and Battle, in Tunbridge Wells and elsewhere would be much more willing to accept the imposition of new housing on our constituencies if we felt that the investment in the rail infrastructure was going to be made to enable people to travel to where they need to go. What we have seen, however, in the discussions that we have had about reopening the rail link between Uckfield and Lewes, is that the Government's formula for the proposals means that we cannot secure funding to open just a 7-mile stretch of line that would significantly enhance the train service in the whole south-east.

I ask the Minister not only to look at the problems that people are facing today, but to look forward and to try to reassure us that the Government are thinking about a sustainable transport policy. At the moment, we feel that we are constantly being charged more for the travelling experience, but that the experience itself is not getting better.

9.35 pm

Norman Baker (Lewes) (LD): I must stress that I am speaking in my capacity as a local Member for East Sussex, rather than in any Front-Bench role for the Liberal Democrats.

I welcome the opening comments made by the hon. Member for Bexhill and Battle (Gregory Barker). I agreed with virtually every word that he said. This is an important issue, and it should affect all local MPs in East Sussex, Kent and elsewhere. I therefore share the disappointment that there are no Back-Bench Labour MPs here from any of the constituencies that are affected, such as those in Brighton and Hastings. However, 100 per cent. of the Liberal Democrat MPs from Kent and Sussex are here in the Chamber tonight.

When I undertook a survey of my constituents in Lewes, Seaford, Newhaven and Polegate before Christmas to ask their views on the railways, there was general acceptance that the quality of the carriages had increased, that the trains were more reliable and —to echo the words of the hon. Member for Wealden

[Norman Baker]

(Charles Hendry)—that Southeastern seemed to have done a reasonable job with the railway. One concern stood out among the plaudits, however: the cost of travelling by train. That was the issue of greatest concern to 68 per cent. of those who responded to my survey.

That is not entirely surprising. The formula referred to by the hon. Member for Bexhill and Battle, which pushes the cost of travelling by train up above inflation every year, is simply not acceptable in terms of value for money or the consequences for the rail passenger, who is caned every year. It is certainly not sensible in regard to tackling the climate challenge that we all face. The right hon. Member for North-West Hampshire (Sir George Young) intervened earlier to point out that the formula used to be RPI minus 1, but that it is now RPI plus 1. It is the Government's policy to push up rail fares above inflation every year, and that is neither sensible nor defensible. It is even worse than that, however, because the cost of travelling by train increases even more for those paying unregulated fares, which have gone up beyond RPI plus 1. Although it does not affect my constituency, I also sympathise with the problem mentioned by the hon. Member for Bexhill and Battle with the consequences of the Javelin train in his part of the world.

We are facing economic hardship at the moment, as all Members know. People are being made redundant and losing their jobs day after day. When such pressures have existed before, the Government have reacted. For example, in three years out of the past 10, they have reacted by freezing fuel duty for motorists, following hard campaigning, yet they have never frozen rail fares for passengers. There is one rule for the motorist and another for the train passenger.

If we look at the figures for the past 30 years, we see that the cost of travelling by train has risen by roughly 70 per cent. above inflation in real terms in that period, and the cost of travelling by bus has risen by even more, but the cost of motoring has gone down in real terms. The rail passengers in my constituency ask why the Government occasionally freeze fuel duty when the cost of motoring is going down, when they never freeze the cost of travelling by train, even though it is going up beyond the level of inflation. The Government really need to get a handle on that. I suggested earlier this year that we should have a freeze on rail fares, which could have been paid for simply by cancelling 3 miles of motorway widening. That would have paid for a fares freeze this year, and if people were asked which they would prefer, I think I know what the answer would be.

The cost of rail travel in this country is also high compared to that in other countries. The hon. Member for Bexhill and Battle kindly referred to some Lib Dem research—without mentioning that it was Lib Dem research—in his opening remarks. The cost of a journey in Serbia that is the equivalent of travelling from John O'Groats to London would get someone from here to Basildon in this country. Would Members rather be in John O'Groats or Basildon, in terms of getting value for money when travelling from London? That money buys a journey of 512 miles in Serbia, compared with one of 26 miles here. I am afraid that the Government are pricing people off the railways, and that is a transport policy that does not make sense.

We need to recognise that more people want to travel by train. Some have no alternative, including the commuters in my part of the world, but many people want to travel by train. Trains are attracting more and more passengers, yet the Government's answer is either to force people off the railways by pushing the prices up or to allow the increase in cattle-truck conditions that we are now seeing on lines all around London and elsewhere in the country. More people are now standing for longer distances on trains and paying more for the privilege in the south-east and in my constituency. That cannot be right in any shape or form. As the hon. Member for Bexhill and Battle rightly said, the Government are extracting more money from the rail companies and, through them, from passengers in order to reduce the call on the Treasury purse. It is a tax on the railway passenger and it is also a tax on good environmental practice.

My constituents in Lewes are very keen on protecting the environment—it is a major theme in my postbag—and they are saying that they want to travel by train and want to see the link increasingly made between carbon emissions and the price paid for a particular activity. How can it have become cheaper over the last 10 years to travel by air, with its carbon-busting implications, and far more expensive to travel by rail, when we surely want to see the opposite occurring if we are going to tackle climate change? How are the Government going to reach their target of 80 per cent. carbon reductions by 2050 when the transport sector contributes about a quarter of our emissions and the Government's policy is to deter people from using lower-carbon means of transport? That simply does not make sense.

My constituents also tell me that if they have to pay above inflation for their train tickets, the deal must be that they get a better service in return—not a service somewhere else in the country, but a service for people in Lewes who have to pay for tickets on their particular line. The reality is that the service is getting worse, with overcrowding and with the new timetables having not been well received in my constituency either. Journey times are getting worse and the service is getting more unreliable. The Government's interfering with the Gatwick Express timetable has also thrown the whole thing out of kilter, making it difficult for trains to run on time and meet their punctuality targets.

Neither has the situation been helped by the Government's failure to invest in enhancements. It would be something if my constituents could see enhancements in return for the ticket prices that they have to pay, but we are not seeing that. We are not seeing the Lewes-Uckfield line reopen; although it has massive support from all three parties locally, all the local MPs and local councillors of all persuasions, it is not on the Government's agenda. We are not seeing any efforts made either to tackle the dreadful overcrowding between Brighton and Ashford. Diesel trains—two-car diesel trains—go through my constituency and that of the hon. Member for Bexhill and Battle, but regular announcements at Lewes station warn people not to get on the train because it is too crowded. They are told to wait for the next one, even though it is an hour away on that service. Unless the Government want to resort to having Japanese-style employees to push people on to trains, they should seriously address the issue and get some more carriages. Yet there is no indication of that. Southern wanted more carriages and the Government blocked them.

That is this Government's record on local services in my constituency. If we are to have rail fare increases above inflation, let us have some improvements to the service to justify them.

One thing that the Government could do with the Southern franchise is eliminate some of the padding in the timetable. My constituents tell me that they are fed up with waiting nine minutes at Haywards Heath for the trains to split or to join, when Network Rail requires only three minutes operationally to do it. My constituents are fed up with waiting three minutes at Clapham Junction because the trains arrive too early and do not want to go to Victoria when no platform is available. My constituents are fed up with going to Polegate, arriving at Lewes on the way back and waiting seven minutes there for the trains to depart. There is so much slack in the timetable in order to ensure that the train arrives on time that the punctuality figures have, of course, improved dramatically. The shortest journey time from Lewes to London in 1989 when I began commuting was 53 minutes on a slam-door train. The shortest journey time now is one hour and three minutes, and the average journey time is one hour and nine minutes. There is padding in the service. If fares are going above inflation, we need to improve the service as well.

I am grateful to the hon. Member for Bexhill and Battle for providing the opportunity to raise this matter tonight and I thank him for his contribution. I note the support from both Opposition parties for a more sensible strategy. I note the support from elected people and, indeed, from unelected people: I have never heard of this Amber Rudd; she sounds a bit like a rail signal of some sort, but I am sure she is campaigning very actively for improvements, just like the rest of us.

Let me end by making a political point. If the Government want to rescue some of the 13 seats in the south-east that they are in danger of losing at the next election—they are all quite marginal, including the Minister's—they had better start delivering on some of the issues that are important to people in the south-east, such as train fares. They have not done that so far.

9.45 pm

Mr. Andrew Pelling (Croydon, Central) (Ind): I, too, congratulate the hon. Member for Bexhill and Battle (Gregory Barker) on securing the debate. Those of us who represent Croydon seats are well aware that Croydon's economic success relies heavily on the railway. We know how much the history of the town's expansion has depended on the main line, and how much its continuing success depends on that line and on the success of East Croydon station, a station blessed with hard-working and excellent platform staff.

I strongly endorse what was said by the hon. Member for Lewes (Norman Baker). I especially agreed with two of his comments. I believe that people's experiences of commuting are important to their perceptions of the improvement or otherwise of public services, and I believe that there is an impact on the popularity of Government when commuters spend two hours a day, five days a week, experiencing what are at times extremely crowded rail services. People are very disappointed when they find themselves paying higher fares for rush-hour travel on trains which often operate—on purpose—at 120 or 130 per cent. of capacity.

One of my local railway stations is South Croydon. The largest unregulated increase in fares at that station is 10 per cent. Other Members have spoken specifically about Southeastern provision, but my constituents and I are not paying for the introduction of the Javelin; what we are experiencing is just a plain increase in fares. It is the unexpected juxtaposition of the Government's decision to introduce fare increases in addition to increases related to the retail prices index with a significant peak in inflation during the summer, followed by a further significant deflation, that has proved so punishing. The fare increases were not advertised by Southern by means of leaflets or notices at East Croydon station, although there were notices at South Croydon. I think it deplorable that they were not advertised—perhaps because the operator was so ashamed about them, and so aware of the detrimental effect that they would have on business.

It is also particularly galling for those of us who hold longer-term tickets such as seven-day travel cards to note that we still have a tradition in this country of paying for a service on Christmas day or Boxing day, but either are not receiving any service or receiving an inadequate service. I do not see why it should not be possible to buy a seven-day travel card covering Christmas day or Boxing day but making them exempt, and allowing the extra days' travel to be added at the end of the seven-day period. I do not believe that the current lack of provision is due to some kind of religious observance; I think that it has more to do with the tradition that has accepted that there should be a Christmas present for the train operators. I calculate that given the number of people who hold travel cards, at least £4 million is probably paid each Christmas for services that are not provided.

As well as paying a great deal for their commute to London, commuters from Croydon face the prospect of any Thameslink trains from London Bridge after 7 pm being hugely overcrowded, and of other mainline services being gradually withdrawn. Those who travel from Victoria to many of the destinations mentioned by Members this evening, particularly East Croydon, will find that platforms 15 to 19 are still being used as sidings, and they must walk virtually halfway to Croydon to board a train in the first place.

The hon. Member for Lewes spoke of the distorting effect that the altered Gatwick Express service is having on services to Croydon and to many stations south of it. It is especially galling that the Government thought it appropriate to support the judgments of others that further extension of the Gatwick Express should take place, and that strong emphasis should be put on it. I sometimes count—perhaps it is rather anorak-like of me—the number of passengers using the Gatwick Express, and I frequently find that fewer than 40 are doing so. Priority is given to that service on the tracks from Victoria to Croydon and beyond to an extent that compromises the capacity, which means that passengers who are paying high fares have to stand on inadequate services.

The reduction in quality of service is partly linked to the Gatwick Express and partly to other changes made to the Coulsdon South service. For example, the direct service from East Croydon to Crystal Palace has been withdrawn. That is inappropriate when we are trying to encourage the use of public transport and at the same time as it has been announced that the proposed tram

[Mr. Andrew Pelling]

link extension to Crystal Palace will not happen. However, Mayor Boris Johnson has subsequently announced that he is at least willing to campaign for additional moneys from the Government to provide that extension after all.

We need improvements to the Crystal Palace service, and many Labour Members with constituencies to the north of mine have been campaigning strongly on the need to maintain the best quality of metro services in the area, and in some cases they have gathered large online petitions. One cheap solution might be to allow reverse running on the railway lines that run northwards from Crystal Palace and to re-open platform 7 on Norwood Junction station. There is a strong argument too for additional platforms at East Croydon. Among the greatest constraints on the rail services to stations such as Lewes are the lack of capacity at London Bridge, the slowness of the introduction of the Thameslink 2000 project, the constraints at Windmill Bridge junction and the lack of two additional platforms at East Croydon station. I would much rather see additional platforms at East Croydon station than the preposterous 52-storey residential property development that is proposed for the area next to the station. It is redolent of the 1960s, and that land should be used for additional platforms to improve public transport. That would improve the capacity for trains from London to all the areas served by all those hon. Members who have spoken tonight.

Of course, we should not be entirely critical because some improvements have been made. For example, the removal of the slam-door trains has improved the ride and the quality of the environment on the trains so we no longer suffer so much in hot summers. However, it is not appropriate for passengers to have to clamber over each other to reach seats that are too small.

The hon. Member for Bexhill and Battle (Gregory Barker) mentioned the impact of short-term franchises. Improvements have resulted from those franchises—one of my local stations has been painted—but they are not enough. We need real investment in stations such as South Croydon and Waddon, so that—for example—people with buggies do not have to jump down to low platforms.

Much investment is needed before our constituents can enjoy a commute that is reasonably comfortable, so that someone who is not entirely well can face it in the morning. It is therefore important for the Minister to explain why increases of up to 10 per cent. have been introduced when the services have seen no real improvement.

9.54 pm

Mr. Christopher Chope (Christchurch) (Con): It is a pleasure to follow my hon. Friends' excellent contributions to the debate. Although my constituency is just in the south-west, the incremental basis for fares means that ours are determined by those that South West Trains sets in the south-eastern part of its line, up as far as New Milton. Much as people might like to start their journey to London in Hinton Admiral, and pay less than the cost of the journey from New Milton to London, they have to pay more. I therefore believe that I have a legitimate interest in participating in the debate.

In the south-east, train fares between New Milton and Waterloo have increased significantly above the rate of inflation because of the Government's policy of using a stealth tax against a captive commuter population. Although there are nothing like as many commuters to London from my constituency as from some of my hon. Friends' constituencies, the position of those commuters in the current economic climate is dire. They cannot afford to pay such increases out of their taxed income.

I can imagine the Under-Secretary asking why those commuters do not move closer to London. That would involve selling their houses in a difficult market, and having to buy another house, thus incurring the steep penalties that the Government have imposed on house buyers through increases in stamp duty. Those people are squeezed all round. One might ask why they do not try to get a job more locally, but in the current climate, anyone who has a job wants to hang on to it, and not risk losing it in the hope of getting another somewhere else.

The position of my constituents, like so many others, is that they are captive customers of the railway system. The Government are behaving uncharitably in the current climate in imposing above-inflation fare increases on those people. I have talked about regulated fares, but the increases in unregulated fares are even greater.

I would like the Under-Secretary to deal with access to unregulated fares. Some of the best bargains on the railways can be obtained by going to the ticket office and saying, "I want to travel next week:"—or next month—"what's the best deal?" However, that depends on the ticket office's being open during advertised hours. I went to the ticket office at Hinton Admiral to try to get a ticket to go to Scotland. Although the ticket office should have been open—it is not open that often—it was shut. I then went to Christchurch, and I was lucky because there was only a small window of opportunity due to that ticket office's being manned for six hours a day. That is completely contrary to the Government's agreement with the franchisees—South West Trains being the franchisee in this case.

Something bizarre is happening. A consultation about ticket offices' opening hours took place. In advance of the results, South West Trains withdrew staff from the ticket offices and reduced the opening hours so that they were even shorter than those for which it had sought permission. That makes a mockery of the Government's consultation. I hope that the Under-Secretary recognises that ticket offices that are open regularly are fundamental for people who want to take advantage of the best deals on the railways. Commuters who use unregulated fares and travel off peak are penalised if they buy their ticket on the day. People in my constituency therefore understandably prefer to book in advance if they can. To do so, they must have a system that allows that to happen. That means having a ticket office that is open regularly.

I make a plea to the Under-Secretary to tackle the problem, and to consider the longer-term consequences of imposing stealth taxes on a captive commuter population. I hope that, even if he has no Back-Bench support this evening, he will show some sympathy for our hard-pressed constituents.

10 pm

Motion lapsed (Standing Order No. 9(3)).

Motion made, and Question proposed, That this House do now adjourn.—*(Mr. Watts.)*

Sir John Stanley (Tonbridge and Malling) (Con): This is a timely debate, and I am grateful to my hon. Friend the Member for Bexhill and Battle (Gregory Barker) for initiating it.

Rail privatisation in the 1990s fundamentally changed the requirements for the regulation of rail fares. As long as the rail system was in public ownership, it was, effectively, possible for the Treasury to determine the rate at which fares increased, but once the railways were transferred to the private sector, a commercial monopoly was, in effect, created. For those of us who represent south-east commuting constituencies, our constituents are basically captives of monopolies: people who live in Tonbridge have to commute from Tonbridge, and people who live in Borough Green or West Malling have to commute from those villages unless they want to drive all around Kent.

When the railways were privatised, it was clear to me that privatisation would be acceptable to my constituents only if it was accompanied by a proper system of regulation of rail fares. I very much supported privatisation as a policy, but I was one of three Conservative Members who declined to support the privatisation Bill on Third Reading: I was not willing to do so until I was satisfied that a proper system of fare regulation was in place. I might add that the other two Conservative Members were my hon. Friend the Member for Macclesfield (Sir Nicholas Winterton) and the late Robert Adley, who knew more about trains than anybody else in this House and pretty well everyone in the country. I am very glad to be able to say that following the passage of the legislation, the then Government did introduce a rigorous system of regulation of rail fares to protect the commuting public. As has been mentioned, for three years from 1 January 1996 rail fares were regulated in line with inflation—the retail prices index—and for the following four years the regulation was 1 per cent. below RPI. Therefore, for the first seven years after privatisation a full and effective system of fare regulation was in place. That, I believe, was the right and proper way of balancing privatisation with protection of the travelling public against exploitation by, in effect, a private sector commercial monopoly.

Deeply regrettably, the Government have almost entirely dismantled the system of rail fare regulation that they inherited. They have, in effect, created for the rail operating companies an open-house situation in terms of the rail travelling public. Worse still, at the same time as dismantling the system of rail fare regulation, the Government have, in a very well concealed manner, fundamentally reversed the policy that has been followed throughout the entire post-war period on rail subsidy of commuter lines into London. Everybody knows that it is not possible to operate a peak demand system economically; if we pay for the peaks, we will have a great deal of uneconomic extra capacity that will be on the railway lines for the rest of the day, and the staff to man it. For that reason, successive Governments since 1945 have found it necessary to ensure that the rail companies running commuter services into London have a measure of Treasury subsidy. What the Government have done—very little attention is paid to this, because they have kept it well concealed—is embark on a process of reducing year by year the level of taxpayer subsidy, and they are going even further than that. They are going from reducing subsidy to the point of elimination to requiring train operating companies also to pay a premium—in effect, a tax—back to the Treasury for the privilege of operating the franchises.

That situation was exposed to me by the managing director of Southeastern, Charles Horton, who wrote to me on 23 July 2008 as follows:

> "With regard to subsidy, that given to Southeastern started at £139.9M in year one and will decline to £24.7M in year seven. In year eight, we will be expected to pay a premium of £9.3M to the DfT to operate the franchise."

I put it to the Minister that it is outrageous for the Treasury not merely to have discontinued paying any subsidy to inherently uneconomic railway lines—the commuter lines into London—but to go further by taxing the rail operating companies for the privilege of operating the franchises. This is a gross stealth tax on the rail travelling public who journey into London. The policy should be stopped and reversed.

I have referred to the position of Southeastern, but Southern, too, provides a major commuter service, including the Uckfield line in my constituency. Southern's franchise is up for bidding, so will the Minister tell the House whether those making bids are being asked to do so on the basis that they will have no subsidy from the Government and possibly at the end of the franchise period will also be asked, like Southeastern, to pay a premium—a stealth tax—back to the Government and the Treasury that can be financed only out of the pockets of the luckless rail travelling public? I must put it to the Minister that the Government's policy, as far as the thousands of commuters in the south-east are concerned, is resulting in one very clear trend: our commuters—our constituents—are paying ever more for ever less.

10.7 pm

The Parliamentary Under-Secretary of State for Transport (Paul Clark): We have had a good and wide-ranging debate, and I am delighted to congratulate the hon. Member for Bexhill and Battle (Gregory Barker) on securing it, because it has given us a real opportunity to discuss the issues facing rail operations in the south-east. As has been shown today, he, like many other hon. Members, has a keen interest in the subject. I include the hon. Member for Croydon, Central (Mr. Pelling), who said that some Labour colleagues whose constituencies lie to the north of his had been arguing about rail travel. I assure him that other hon. Members have raised various issues, including my hon. Friend the Member for Hastings and Rye (Michael Jabez Foster), who just before Christmas addressed regeneration and travel in his constituency.

I intend to deal with as many of the points raised as fully as possible in the time available, but I must say at the outset that over the decade that we have been in government there has been a 50 per cent. increase in the number of people travelling on the railways. Secondly, unprecedented levels of investment have gone into our railways, day in, day out, to rectify the substantial underinvestment that had lasted for decades. In addition, there has been investment in rolling stock, and in High Speed 1, which has been pilloried by Conservative Members. It was the first new railway line to be built in this country in more than a century, and it was delivered on time and on budget.

[Paul Clark]

I remind right hon. and hon. Members that my right hon. Friend the Member for Kingston upon Hull, East (Mr. Prescott), who was then the Deputy Prime Minister, came to the House to announce the renegotiation of that contract, because it was in a mess when we picked it up. He ensured that we ended up with a high-speed line that is providing essential services to businesses and individuals in the constituencies of Members who have spoken in the debate. It is used for leisure and business purposes, and it brings us into the 21st century.

Let us remember that the privatisation of the railways happened in 1995-96. I noted carefully the comments of the right hon. Member for Tonbridge and Malling (Sir John Stanley) about why he did not support his own party's Government on the privatisation Bill, to which I shall return shortly. Since the privatisation was forced through, contracts have always governed what rail operators that are private companies can and cannot do. We have sought to renegotiate those contracts to end up with a balanced situation with better punctuality, better reliability and more investment. There is also regulation of fares—we have not abandoned that requirement.

We have sought to find a balanced position, and the current position answers many of the points made by Opposition Members. Those who have been honest have said that their constituents say, whether in surveys or to them in person, that there have been improvements to the service that we provide, to rolling stock and to reliability. I shall come to the issue of "padding", which the hon. Member for Lewes (Norman Baker) mentioned. Such improvements cannot happen without investment in the rail services that are so important to the constituents of the Members present, including mine in Gillingham and Rainham.

We have limited most fare increases to an overall RPI plus 1 per cent. cap. However, that cap is applied to a group of fares called a basket, and individual fares may increase by up to 5 per cent. more than that as long as the overall cap is not exceeded. I emphasise that it is a cap—it is up to the individual train operating companies, and they do not have to increase prices by that much. They have that flexibility to vary fares in their fares basket, allowing an increase of up to 5 per cent. above the overall cap.

There are two exceptions to that. Southeastern has a higher overall cap of RPI plus 3 per cent. for five years from 2007, in recognition of the fact that almost £693 million has already been invested in new trains for Southeastern passengers and in the infrastructure needed to support them. Those are not the high-speed trains that are coming into service in December but replacements for the old slam-door stock. The only Member to refer to that old stock in his contribution was the hon. Member for Croydon, Central, but I am sure I do not need to remind Members that Southeastern services had some of the oldest rolling stock. The old slam-door stock from the 1960s and '70s was unwanted by our travelling constituents and by those who used the services. That replacement had to be paid for in a sensible way. The current regime also addresses the historically low fares on Southeastern, normalising them with those for similar services.

The right hon. Member for North-West Hampshire (Sir George Young)—I am sorry that he is no longer in his place—said that the cap used to be RPI minus 1 per cent. Indeed, it did. I could take hon. Members back to the days when a franchisee invariably missed targets, which meant that every time targets were met for season ticket holders, they got a 5 per cent. rebate and the subsidy from the public purse went up. All the time that that was happening, there was a reinforcement of the under-investment in our rail service that, with due respect, we got so used to under the Government led by Conservative Members during those years. That was the situation we faced with the service on the Kent and Sussex lines. There had been substantial under-investment and the franchisee moneys that were coming in through the fare box were falling as a result.

Hon. Members should not think that Southeastern is the only company to have a franchise set at RPI plus 3 per cent. Indeed, the other exception is the Northern Rail franchise for the West Yorkshire passenger transport executive area, where fares, for similar reasons, are set at RPI plus 3 per cent. Leeds fares have a higher cap, like those for Southeastern, from 2007 until the end of the Northern franchise and that money has funded investment in additional trains in and around the Leeds area.

Gregory Barker: Are the members of the other community who have had the additional premium put on their fare increases paying for services that they will see the benefit of or are they, like my constituents and so many others who are being represented here tonight, paying for improvements elsewhere?

Paul Clark: It is unfortunate that the hon. Gentleman did not listen to what I just said. The RPI plus 3 per cent. is invariably there to cover the £690-odd million that is being invested principally in replacing rolling stock, such as in the case of the slam-door services. It is not for use on the Javelin trains that many hon. Members referred to.

The hon. Member for Tunbridge Wells (Greg Clark) and others said that their constituents will have no use of the High Speed 1 service. The hon. Gentleman will be aware that although his constituents may not have direct access to that service, nine trains run in the morning peak to London Bridge and nine run to London Charing Cross and from December 2009, when the high speed trains come into being, the frequency of that service will increase to 13 and 11 trains respectively. Additional services will be operated because the introduction of High Speed 1 elsewhere will free up capacity, so capacity improvements will occur through the investment in High Speed 1 and domestic services.

Greg Clark: The Minister will recall that I mentioned that there was that prospect in December. Of course, the benefit of that increased capacity will be swept away if the trains are going to be 20 per cent. shorter.

Paul Clark: I shall certainly come to the issue of the reduction in the length of the trains and the steps that I took as soon as I heard that that was the case.

Mr. Gale: The Minister has referred to an increase in some services from some places. Does he accept that from east Kent there has been a diminution of the services to Victoria and Cannon Street?

Paul Clark: Clearly, there is a need to manage the demand from the hon. Gentleman's constituents and from the constituents of other hon. Members. People travelling by train clearly find it an attractive option, because the number of people doing so has increased substantially. I have already said that the travelling public have increased by 50 per cent. over the past decade. One way of increasing the number of spaces is to increase the route options through measures such as High Speed 1 or to increase the length of trains, notwithstanding the comments that have been made by the hon. Member for Tunbridge Wells.

Let me move on to one or two other items, as I shall come back to the issues that have been raised so far. I have said already that the RPI minus 1 formula was leading to substantial under-investment and that we could not have had the improvements that have been made if we had retained it.

The hon. Member for Bexhill and Battle said that there had been a decade of under-investment in our railways, but one has only to look at the record that I have set out to see that that is clearly nonsense. The High Speed 1 and rolling stock changes that I described have been accompanied by the £8.8 billion that has been put into the west coast main line. In addition, £10 million has been devoted to increasing the number of carriages, and more carriages will be delivered under the fiscal stimulus package announced a few weeks ago by my right hon. Friend the Chancellor. Moreover, my right hon. Friend the Secretary of State for Transport announced in the House last Thursday that he intended to look at the further electrification of the great western and midland main lines. All that deals with the hon. Gentleman's suggestion that the Government have no long-term plans for rail transport or for ensuring high-speed rail links between London and the midlands, and beyond.

The hon. Member for Wealden (Charles Hendry) spoke about inadequate parking, although he said that the service from Uckfield had improved. The Government do not regulate parking: we are sometimes blamed for regulating too much, but this time we have been blamed for not doing enough about providing more parking, which is clearly a matter for the private companies involved. I will not enter into the debate about housing provision, but I will point out that we have changed the regional funding allocation process. Local authorities are now able to look in a far more joined-up way at their requirements for housing, business development and transport, and to make their decisions and organise their priorities accordingly.

The hon. Member for Lewes said that his survey of residents showed that there had been improvements, but that his constituents were concerned about fare rises. That is absolutely understandable, as no one ever likes a price increase. Asked whether they are for or against a rise, people of course will say that they are against it. I recognise the difficulties that people face, especially at this time.

Norman Baker: On a point of clarification, I must tell the Minister that the survey was carried out in December, before the rises came in.

Paul Clark: The hon. Gentleman claimed that the rises were not always known about but, with due respect, I must tell him that it was well known that they were being introduced. They were announced in November, as I well remember.

The vast majority of travel—some 60 per cent.—is undertaken on regulated fares, while any-time unregulated fares apply to approximately 20 per cent. of all travel. The hon. Member for Lewes made a comparison with our ability to freeze fuel duty, but that is directly under our control. Although it seems to have escaped his memory, I know that he is well aware that we are talking here about private companies, with which the Government have legally binding contracts. They are in a long-term business, and they know that they have to use investment to make the railway work effectively and efficiently.

The hon. Gentleman said that not extending the motorways would allow us to pay for a freeze in rail fares and that everyone preferred having money spent on the railways, but I suspect that people using the M25 might say something else. The difficulty of being in government is that we have to manage a balance between requirements. Our policy on congestion and the targets that we need to meet are set against the background of Eddington's study in respect of road and rail and in our cities and towns.

Research shows that, between 1996 and 2008, average rail fares paid increased by 4 per cent. in real terms. The hon. Member for Lewes referred to padding. A robust timetable is far preferable to journey times that are not deliverable. The travelling public want to know what time the train will arrive, not some airy-fairy estimate of the time that it might arrive, when in reality the train arrives five, 10 or 15 minutes late because of the complexity of the system and the number of people using it.

The hon. Member for Croydon, Central reminded us that slam-door carriages had disappeared and reported a great improvement in rides and in the environment in his area. In response to a comment from him, I reiterate that fares are not set to pay for the Javelin services. It is intended to extend Gatwick Express services to the south and to add capacity. During peak hours some Gatwick Express services pick up commuters.

The hon. Member for Christchurch (Mr. Chope) argued that the Government were behaving uncharitably by imposing fare increases. One assumes that he voted with the last Tory Government to introduce privatisation of the railways and in order to set up private companies. Is he suggesting that we should tell them that they cannot increase fares? We have introduced a system under which we agreed a cap and which will deliver the investment and the improvements that his constituents will have seen in Christchurch, as have the constituents of other Members in the Chamber.

I entirely agree with the hon. Gentleman about the requirement for the opening of ticket offices. Some people have moved online or to telesales, but my noble Friend and ministerial colleague, Lord Adonis, recently rejected many of the changes proposed by South West Trains because the ticket offices would not be properly staffed. That decision was taken by the Government to protect the travelling public.

The right hon. Member for Tonbridge and Malling was one of three who opposed privatisation because there was not a robust system of fare regulation. There is now a fare regulation process in place to ensure fair and equitable investment in our railways. I remind right hon. and hon. Members that there are only two sources of funding for investment in rolling stock, staff and signalling—the taxpayer or the fare payer.

Sir John Stanley: Will the Minister say how the Government justify requiring the train operating companies to pay a tax by way of a premium back to the Treasury during their franchise period?

Paul Clark: We have put in substantial sums, as evidenced by the letter from Charles Horton, managing director of Southeastern, which the right hon. Gentleman quoted. I find it interesting that Members in the Chamber argue that they should not ask their travelling public to pay for a service that is almost on their doorstep, albeit High Speed 1, yet consider it okay for the pensioner in Yorkshire to subsidise the travelling public in the south-east. We are seeking to achieve a sensible balance.

The Leader of the Opposition announced a few weeks ago that there would be a 1 per cent. reduction in the Department for Transport's funding from 2009 if they were in power, which would cost it £840 million. We have been investing in the train service and we will continue to do so. We will not cut that investment, so the travelling public will have a decent service that is reliable—

10.30 pm

House adjourned without Question put (Standing Order No. 9(7)).

House of Commons

Wednesday 21 January 2009

The House met at half-past Eleven o'clock

PRAYERS

[MR. SPEAKER *in the Chair*]

Oral Answers to Questions

NORTHERN IRELAND

The Secretary of State was asked—

Saville Inquiry

1. **Mr. Julian Brazier** (Canterbury) (Con): When he expects the Saville inquiry to make its final report; and what consideration he has given to bringing the inquiry to a conclusion. [248299]

The Secretary of State for Northern Ireland (Mr. Shaun Woodward): Lord Saville informed me last November that he expects to submit his inquiry report this autumn. As I have made clear to Lord Saville, to the families involved and to the House, we are deeply disappointed by the continued delay in publication. However, I remind the House that it is in the interests of everyone that the independent inquiry works first and foremost to establish the truth of the events of that tragic day.

Mr. Brazier: Given that the inquiry has now spent nearly £200 million and that a number of QCs have become millionaires on the back of it, what does the Secretary of State think will be achieved between now and the autumn that has not yet been achieved?

Mr. Woodward: Because its contents remain a matter for the independent inquiry, I have no idea what will be achieved in relation to those contents. However, I can tell the hon. Gentleman that I am concerned about the costs. As a result, working with the inquiry, I have now arranged for the office in Northern Ireland to be closed, the size and costs of the accommodation in London to be significantly reduced and the IT contracts to be renegotiated. We will therefore make savings of about 20 per cent. of what would have been spent in the remaining months.

Mr. Peter Hain (Neath) (Lab): May I ask my right hon. Friend about any lessons that could be learned from the tragedy that the Saville inquiry is investigating? Is there any read-across to the inquiry by Sir Peter Gibson into the Omagh bombing, a statement on which was made this morning? That statement seems to have exonerated GCHQ from any of the allegations made by the BBC, among others. It seems that if there was any malpractice or any problems, they were more on the Royal Ulster Constabulary special branch front, and those issues were largely addressed by the 2001 reorganisation. Does my right hon. Friend agree about that?

Mr. Woodward: I thank my right hon. Friend for providing me with the opportunity to make that read-across from Lord Saville's work to the Omagh report, and I commend Sir Peter Gibson for the thorough and exhaustive way in which he has approached the task of considering lessons to be learned from the sharing of intercept material on the day, and around the time, of the Omagh bombing.

I ask the House to note that I have placed in the Library today not only my written statement but Sir Peter's summary report and a response to it by the Chief Constable. I thank Sir Peter for his comprehensive work. It is difficult to make a direct read-across to Lord Saville, except to say that for those involved, it is important to produce material as quickly as we can.

Sir Patrick Cormack (South Staffordshire) (Con): May I echo what the Secretary of State has just said and add my thanks to Sir Peter for reporting so expeditiously? Does that not point to a lesson for the future? Does he agree that, as the Select Committee on Northern Ireland Affairs recently stated, no further major inquiries should be launched unless there is a unanimous desire for them among the parties in Northern Ireland?

Mr. Woodward: May I take this opportunity to congratulate the Select Committee on its recent report, which rightly raised a number of these issues? It may be helpful if I inform right hon. and hon. Members that next week we expect Lord Eames and Denis Bradley's Consultative Group on the Past to publish its report on the way forward. The Government look forward to that and will be studying its proposals carefully.

Mark Durkan (Foyle) (SDLP): Does the Secretary of State agree that if members of the Conservative party are presenting themselves as being worthy of government, they should show better grace and reflection on the issue of the Saville inquiry, rather than constantly go on about the cost? They should show some consideration for the families and their quest for truth and for the vindication of the innocence of their loved ones, as well for as the wider fundamental issues that will hopefully be addressed in the report. Does he accept that many of us would have wanted an oral statement on the Gibson review, so that we could have shown our concern and consideration for the needs and rights of the Omagh families?

Mr. Woodward: I thank the hon. Gentleman for his remarks and share his view of the importance of the work that is being done on the Saville inquiry. I remind the House that when the former Prime Minister established that independent inquiry, he said that it would have to be conducted

"without any preconditions as to what the outcome may be, so that the truth can be established and told."—[*Official Report*, 29 January 1998; Vol. 305, c. 505.]

I should perhaps also tell the hon. Gentleman that my office is making arrangements to meet representatives concerned with those terrible events in Londonderry that day, so that we can talk through with them the arrangements for publication in the autumn.

Mr. Gregory Campbell (East Londonderry) (DUP): The Secretary of State has referred twice to getting at the truth. Given the exceptional difficulty, if not impossibility, of doing that in all the inquiries, and given that the inquiry industry in Northern Ireland is blossoming to the extent of costing £60 million a year, does he accept that it is time to call a halt to investigating the past and instead to look to the future?

Mr. Woodward: I am sure that many hon. Members share the hon. Gentleman's concern about the amount of money involved. However, I caution against the use of the pejorative description of an "inquiry industry" simply because, although some may regard it as an industry, for the families affected, the victims and those whose lives have been destroyed by the troubles, it is essential to find ways to get at the truth. There may be better ways of doing that in future. If we can find ways that provide better value for the taxpayer, we have a duty to do that. However, first and foremost, we have a duty to do all that we can to provide justice for families, and for victims who needlessly lost their lives during the troubles.

Mr. Gerald Howarth (Aldershot) (Con): The Secretary of State has referred to the families, but not to the former soldiers, some of whom are my constituents. For 11 years, they have had the threat hanging over their heads. I spoke to some of them this morning. They did their duty by their country but they feel that the Government have not done their duty by them. Will the Secretary of State please at least send a message to them that he understands their concerns and those of their families and do something to reassure them that the matter will be brought to a speedy conclusion? They are now in their 70s and some have already died. 1 Para has a reunion next month—please give its members a positive message.

Mr. Woodward: The hon. Gentleman has been unstinting in his advocacy for the work of the security forces. I again put on record my admiration for the way in which our security forces have responded over many years to terrorism in Northern Ireland. Undoubtedly, there are lessons for us all to learn from mistakes that may have been made, but the support of the Government and the House for our armed forces has been and remains unshakeable.

The hon. Gentleman mentioned the concern that some of those to whom he spoke expressed. It is a matter of parity that, just as I am prepared to meet families from Derry to discuss arrangements for publication, if he would like to bring a delegation to meet me to discuss that, I would be more than happy to meet with it.

Parading Review

2. **David Simpson** (Upper Bann) (DUP): What recent steps his Department has taken regarding the strategic review of parading carried out by Lord Ashdown; and if he will make a statement. [248300]

The Minister of State, Northern Ireland Office (Paul Goggins): I met Lord Ashdown last week and he updated me on the ongoing work of the review. I welcome the progress made, and look forward to receiving the final report when the review group has concluded its work.

David Simpson: I thank the Minister for that reply. He knows that I sent him some proposals about the ongoing Garvaghy road parade in Portadown. Will he agree to meet me and a small delegation to discuss them further?

Paul Goggins: I know that the hon. Gentleman is keen for a resolution on the Drumcree parade, and I pay tribute to him for his efforts in discussions with me and others, including members of the Portadown District Orange Lodge, who have also made considerable efforts. Of course, I am happy to meet him and consider his views. In the end, determination of parades is a matter for the Parades Commission and, again, I take the opportunity to join him in encouraging all individuals and organisations to get into dialogue about the issue as soon as possible.

Dr. Alasdair McDonnell (Belfast, South) (SDLP): Does the Minister agree that the Parades Commission has done an extremely good job in difficult circumstances and that any tinkering with its work may well have a downside rather than an upside?

Paul Goggins: I readily join my hon. Friend in paying tribute to the Parades Commission, and especially to its chairman, Roger Poole, for its unstinting efforts to ensure that we have peaceful parading in Northern Ireland. It is worth reflecting on the fact that the Whiterock parade, which went so dreadfully wrong, happened only a little over three years ago. Everybody has worked hard in those three years to ensure peaceful parading in Northern Ireland, but we have made it clear that, if there is a consensus about an alternative system for regulating parading and having oversight of it, we are prepared to consider it. Lord Ashdown has been given that task, and I hope to receive his report in due course.

Mr. Laurence Robertson (Tewkesbury) (Con): One of the proposals in the interim report by Lord Ashdown is to transfer responsibility for decisions on parading to the First Minister and Deputy First Minister. If that happens, would they have to be in agreement when deciding on parades and the details of parades, as they have to be on many other issues? Given the time-limited nature of the process for making decisions on parades, seeing as there are so many of them, what would happen if the First Minister and Deputy First Minister could not reach such agreement?

Paul Goggins: It is important to understand what was actually in the interim report from the parading review group. It proposed that the administration of applications for parades should be overseen by local councils and that the system for the resolution of disputes should be overseen by the Office of the First Minister and Deputy First Minister. That does not mean political interference or adjudication; rather, it is a question of administration. We know that the review group has consulted on that proposition. We await its final report to see whether its views have changed or whether its recommendations have been refined. However, I am sure that the hon. Gentleman will join me in urging everybody in Northern Ireland to try to reach a consensus, so that we can make further progress.

John Robertson (Glasgow, North-West) (Lab): My hon. Friend has been very careful in what he has said about the Parades Commission and in how he has structured his answers, but some people say that the Parades Commission should be abolished, so perhaps he could tell me this: what is the Government's position on the Parades Commission?

Paul Goggins: I normally try to take some care with the words that I use, particularly in the Chamber. As I said to my hon. Friend the Member for Belfast, South (Dr. McDonnell) earlier, the Government fully support the Parades Commission and believe that it has done an extremely good job in difficult circumstances. However, we know that there are people and organisations in Northern Ireland that do not share that view. If it is possible for all the parties and all sections of the community to arrive at a consensus on an alternative system, we will obviously be prepared to consider it, because in the longer term we need a sustainable approach to parading. We cannot lurch from parade to parade and season to season, unsure about the future. We have to have a sustainable approach to parading, so that peaceful parading can be guaranteed.

Paramilitary Decommissioning

3. **Miss Julie Kirkbride** (Bromsgrove) (Con): What discussions he has had with the Police Service of Northern Ireland on extending the deadline for loyalist paramilitary decommissioning. [248301]

The Secretary of State for Northern Ireland (Mr. Shaun Woodward): I hold regular discussions with the Chief Constable on a range of matters, including decommissioning. Having weighed all the advice that I have received, including that from the Independent International Commission on Decommissioning, I have made it clear that we will not seek renewal of the order on decommissioning beyond the next 12 months.

Miss Kirkbride: Since the Northern Ireland peace process began more than a decade ago, the people of Northern Ireland have been promised a deal, which is to say a compromise on political issues in return for the decommissioning of the vicious paramilitary groups whose activities have scarred Northern Ireland for far too long. The public have delivered their side of the deal, so why are the Government prevaricating on their side?

Mr. Woodward: Let us be clear about what the purpose of this process is. We all want to see every gun and every weapon removed from the streets. The decommissioning order provides an additional route towards seeking that goal. The record of achieving decommissioning over the years has been successful. I have to weigh the advice of the Chief Constable, as well as that of the IICD and the other bodies that give me security advice, about whether they believe that it would be useful to continue for another year to provide that additional way of getting weapons off the streets. It does not prevent the police from doing their work and removing those weapons, which are of course illegal, but if it provides an additional route that may be successful in removing the guns, it would be foolish of me to ignore that advice.

Mr. Eddie McGrady (South Down) (SDLP): Is the Secretary of State aware that there is no belief in the community in Northern Ireland, in the PSNI, in the Police Federation or in the loyalist communities that decommissioning will take place between now and 2010? Is he aware that 29 police officers are under threat at the moment and that five face death threats from loyalists? The police say that they know where the weapons are. What democratic Government would stand back and allow those weapons to be used, as they were in Belfast, where four blast bombs were used last month, and in the many other crimes involving weapons that have also occurred? The community in Northern Ireland is subjected to extortion and the presence of brothels and drugs by the paramilitaries. We will not tolerate the extension if we can do anything about it. The Secretary of State should revisit his intentions in that respect.

Mr. Woodward: I am grateful for the hon. Gentleman's advice and I am sorry that I am going to take this opportunity to disagree with him. In relation to the work of the PSNI, let me simply say that everyone in the House admires the bravery of the men and women of the PSNI, which continues to be quite extraordinary on the streets of Northern Ireland. In relation to the specifics, however, the PSNI's record in combating loyalist criminality and paramilitary activity has been a very good one. In the last year alone, 15 loyalists were arrested and firearms, ammunition and explosives were seized. It acts on the evidence and material that it is given. Let me say to him that it is also very important to recognise that the Independent International Commission on Decommissioning, which has been very successful in bringing about decommissioning, continues to give me advice that we should prevail with one more year. I have made it clear that this is the last year; at the end of this 12 months, that is it—the end of this process.

Mr. Jeffrey M. Donaldson (Lagan Valley) (DUP): The Secretary of State will be aware of the very strong opposition of the Police Federation to the extension of the decommissioning legislation, which comes after attacks on police officers and the intimidation of police and prison staff by those connected to loyalist paramilitary groups. My party is not convinced about the extension of this legislation. Can the Secretary of State give us any evidence that the loyalist paramilitaries are now in a position to decommission their weapons?

Mr. Woodward: I will meet the Police Federation on Monday next week to discuss the representations that it has made on this matter. May I counsel the hon. Gentleman, his party and other hon. Members—I am slightly hesitant to say this, but I use my words very precisely and carefully—that the Independent International Commission on Decommissioning has confirmed to me that it is currently making meaningful progress, and I hope to report to the House in future on that progress?

Mr. Stephen Hepburn (Jarrow) (Lab): The Secretary of State will be aware of the growing number of loyalist death threats to members of the PSNI. What message would he send out today from his office to those brave policemen? Will he ensure that members of the PSNI receive the same support and protection as the former Royal Ulster Constabulary did in the face of IRA death threats?

Mr. Woodward: I am sure that all hon. Members would wish to express their gratitude to the men and women of the PSNI. It remains a matter of fact that the greatest threat to those officers, as expressed in the last year, has come from those paramilitary criminal organisations such as the Real IRA and the Continuity IRA. They are the organisations that have despicably, and in a cowardly way, attacked police officers at traffic lights when they were dropping off their children at school. They have fired shots into the chest of one police officer who is very lucky still to be alive. In another case, an explosive device was placed under an officer's car and his partner was nearly murdered by it. PSNI members do very brave things for the people of Northern Ireland and this country every day, and we will do everything we can to protect the lives of those brave men and women.

Sir Nicholas Winterton (Macclesfield) (Con): I am sure that the Secretary of State will agree that loyalist or republican paramilitary activity is unacceptable. Will he look again at extending this decommissioning period, because not a single political party in Northern Ireland wants it, and many of the police from whom I have had communications certainly do not want it? Is it not a very delicate matter to permit a further extension when we know that decommissioning is necessary and not to decommission is unacceptable?

Mr. Woodward: The hon. Gentleman rightly draws attention to the very delicate balance on whether we will achieve more by renewing the order for a final 12 months—and it is a final 12 months—or by moving in the other direction. As I say, I have decided, on balance, that we should proceed in that way, but this is based on very specific advice from the commission. If that advice should result in an act of decommissioning, I say to the hon. Gentleman that if my not renewing the order were to result in those weapons not being destroyed and put for ever beyond use, I think we would be failing the people whom we are actually trying to protect.

Mr. Jim Devine (Livingston) (Lab): Is my right hon. Friend not aware of the major concerns in nationalist communities among those who want to see the peace process move on—for example, by removing the peace walls—about the thought that there are loyalist paramilitaries with weapons preventing those developments? Will he reconsider his decision?

Mr. Woodward: As I have said to the House, given the very specific advice I am being given by the commission that it is currently engaged in meaningful dialogue that will result in weapons being removed from the streets, if that is our goal, it would be very foolish of me to ignore that strong advice.

Mr. Alistair Carmichael (Orkney and Shetland) (LD): May I join the Secretary of State in paying tribute—*[Interruption.]*

Mr. Speaker: Order. There is far too much noise in the Chamber; it is unfair to hon. Members.

Mr. Carmichael: Thank you, Mr. Speaker.

May I join the Secretary of State in paying tribute to the bravery of the PSNI in the work it does? Does he not think, however, that that bravery deserves a bit more than a few nods and winks from these thugs and racketeers before he is prepared to extend for a further 12 months the 11 years that they have already had to decommission their weapons? He knows that we have rarely departed from our support for the Government in the peace process, but I put him on notice today that unless he comes up with something more substantial than he has done so far, he will put this measure through without any support from the Liberal Democrat Benches.

Mr. Woodward: I hear the word of warning from the hon. Gentleman, and I take it seriously, but I would simply say this to him: we have succeeded in bringing about peace in Northern Ireland by all the political parties in this House working together. It is through that work that we have established the various bodies that have supervised and brought about the continuing peace process. If it is the view of the Independent International Commission on Decommissioning that we should prevail for 12 more months because it is currently engaged in meaningful discussions, I would urge him to think a second time as to whether now, rather than in the last 10 years, he chooses to ignore not my advice, but the advice of the commission.

Mr. Owen Paterson (North Shropshire) (Con): Eleven years on from the agreement, it is unacceptable that there are armed gangs operating in any part of Northern Ireland. The Secretary of State has just mentioned new evidence that has convinced him that the amnesty should be extended. Will he give us some of that evidence now?

Mr. Woodward: The purpose of sharing with the House the advice from the Decommissioning Commission is to encourage Members of this House to listen very carefully to that advice, as well as to me. I am not in a position to disclose the commission's current negotiations, but I simply say to the hon. Gentleman that there are channels available to him through which I am prepared, and happy, to engage.

Mr. Paterson: The Chief Constable has consistently said that anyone who has guns should give them up immediately. One officer has been shot in the back, and five have had to be rehoused. By extending the amnesty period, the Government are letting down local communities and the police who are trying to protect them. These are parasitical gangsters, drug dealers and protection racketeers. They do not deserve another extension. As we are strongly opposed to what is proposed, will the right hon. Gentleman consider withdrawing this statutory instrument?

Mr. Woodward: I do not know whether the hon. Gentleman has a hearing difficulty, but as I have just explained to him, it is advice to us from the commission that has ensured that, on balance, we have made this decision. In my last answer, I made the offer to the hon. Gentleman to discuss further details with him, through the usual channels, but if he really thinks it would be helpful for me to make public now the content of discussions that might result in guns being removed from the streets, I have to question what his motives are. If his motive is to remove the guns, I suggest that he listens to the advice from the commission. On the other hand, if his intention is simply to proceed with a decision he made before that information emerged, I am afraid that even I am unable to help him.

Bombardier Project

4. **Mr. Andrew Robathan** (Blaby) (Con): What recent discussions he has had with the First Minister on the Bombardier project. [248302]

The Secretary of State for Northern Ireland (Mr. Shaun Woodward): For the purposes of clarification, I should say to the hon. Gentleman that Bombardier is not a project; it is actually a global aviation company that has been, and continues to be, very successful around the world, not least in Belfast, where its pioneering new project will create up to 1,200 new jobs, and up to almost 3,000 new jobs in the UK as a whole.

Mr. Robathan: An article in *The Guardian* on 31 December had the headline, "DUP was rewarded by government for backing 42 days, claims first minister". According to the article, he said that

> "his party's decision to support counter-terrorism bill helped deliver major economic investment for Northern Ireland".

He also said that the Government

> "came up with the goods in terms of the Bombardier deal ... they bent over backwards to help us."

Whatever the merits of this investment, does not the Secretary of State agree that this smells of pork barrel politics at its worst and without principle?

Mr. Woodward: It is perhaps encouraging to see that the hon. Gentleman now takes to reading his information about Northern Ireland in *The Guardian*. Clearly the one big difference between his party and the Labour party is that what we were prepared to do consistently since 2004 with Bombardier was to hold discussions to see how we could help bring jobs to Northern Ireland. Significantly, thanks to the assistance of my right hon. Friend the Prime Minister and the Government since 2004, which has allowed the company to secure the investment that has come to Northern Ireland, up to 1,000 new jobs will come to Northern Ireland. I am very sorry that where the Conservatives will do nothing, we will secure the jobs for the future.

PRIME MINISTER

The Prime Minister was asked—

Engagements

Q1. [249482] **Mr. Douglas Carswell** (Harwich) (Con): If he will list his official engagements for Wednesday 21 January.

The Prime Minister (Mr. Gordon Brown): Before I list my engagements, I am sure the whole House will wish to join me in sending our profound condolences to the brave families and friends of the servicemen killed in Afghanistan in the past week—Captain Tom Sawyer, Corporal Danny Winter and Corporal Richard Robinson. They were courageous and committed men, who were dedicated to their country, to their colleagues and to the cause of peace. We owe them and all who have lost their lives our gratitude for their service and sacrifice, and we will remember them with pride.

I know that the whole House and the British people will wish to join the Government in sending their best wishes to President Obama at the start of his presidency. I can assure the whole House that we will maintain and strengthen the special relationship between our two countries. The importance that President Obama places on urgent action on the economic recovery, on environmental stewardship and on the fact that citizenship carries with it responsibilities as well as rights will have a resonance in every part of the world.

This morning, I had meetings with ministerial colleagues and others. In addition to my duties in the House, I shall have further such meetings later today.

Mr. Carswell: Why is the Prime Minister whipping his party to vote to keep MPs' expenses secret? When it comes to freedom of information, why should there be one law for the people and another for the politicians?

The Prime Minister: I should tell the hon. Gentleman the real facts: our proposals are for more transparency than the Conservative party's proposals were and for more transparency than is the case in most Parliaments in the world. That is why we will publish a revised Green Book with clear rules, and there will be enhanced audit by the National Audit Office. We will put the proposals to the House on a free vote. We thought we had agreement on the implications of the Freedom of Information Act as part of this wider package. Recently, the support that we believed we had from the main Opposition party was withdrawn. I believe that all-party support is important on this particular matter, on which we will continue to consult.

Lynda Waltho (Stourbridge) (Lab): Tuesday 27 January is Holocaust memorial day, and events will be taking place across the country. What will my right hon. Friend be doing to mark and to commemorate the occasion? Will he join me in commending the work of the Holocaust Educational Trust, which does so much to educate and inform our young people about the horrors of the holocaust?

The Prime Minister: To commemorate Holocaust memorial day, there will be a debate in this House next Thursday. I was very privileged to be involved with the original funding of the Holocaust Memorial Day Trust's work in education, which enables us to send, from schools in every part of the country, young men and women to see for themselves at first hand what happened at Auschwitz and then to report back to their fellow students in their schools and colleges. This is an important contribution in ensuring that people will never forget the millions of lives lost as a result of anti-Semitism, prejudice and discrimination.

Mr. David Cameron (Witney) (Con): May I join the Prime Minister in paying tribute to the three servicemen who have been killed in Afghanistan in the past week—Captain Tom Sawyer, Corporal Danny Winter and acting Corporal Richard Robinson? Our thoughts should be with their families at this time.

I agree with the Prime Minister that the whole House will be united in sending our best wishes to President Obama, who starts work with the good will of people throughout the world.

Today's rise in unemployment of 78,000 in a single month reminds us of the recession's real effect on families throughout the country. With the pound falling, debt rising, and new forecasts showing that our recession will be deeper than elsewhere, it is clear that the British economy faces dark days indeed. Does the Prime Minister accept that the market and public reaction to the latest set of Government initiatives suggests that there is no real confidence that Government policies are working?

The Prime Minister: Every job lost and every redundancy is a matter of regret and sadness for us all. That is why we will do everything in our power to help people who have been made unemployed back into work. We may not be able to help them to keep their existing jobs, but we will help them to get new jobs. That is why the latest measures that we have taken include help for people in work, help for people to move into work, and help for people to get new skills for work. That is what we should do to help people as we take them through this difficult time.

I believe that the indication that President Obama has given in the past few days that he will take the fiscal stimulus action that we have taken, and action in relation to banks in the way that we have done, shows that the world can work together to deal with the problem. The one thing that President Obama did not say in his speech yesterday was, "Fellow Americans, let's do nothing."

Mr. Cameron: I can tell the right hon. Gentleman one thing that President Obama will not be doing. He will not be putting up national insurance contributions on people earning £19,000 or £20,000 because the country is so bust.

Let me ask the Prime Minister again about the market reaction to his announcements. On Monday, he announced a package to help banking, but since then the Royal Bank of Scotland has lost two thirds of its value, Lloyds TSB has lost half its value, and the pound lost nearly 4 per cent. in one day. Is not one of the problems with the Prime Minister's announcements that there is so little clarity? Let me take one element of what he announced on Monday to support the banking system—only the Prime Minister could laugh at those plummeting prices. Can he confirm that he announced an insurance scheme for toxic assets without saying what he is insuring, what the premiums are, what the exposure is, or how long it will last? Is that not a staggering lack of detail?

The Prime Minister: I should explain to the right hon. Gentleman—he has the benefit now of a new shadow shadow Chancellor to help him on his way—*[Laughter.]* I should explain that when markets fail and banks are unable to do the job for which they are intended, the only agency that can step in is the Government. If the Government do not take action, no one else will. That is the lesson that has been learned in every single country of the world, and that is the lesson that President Obama said yesterday is the work that will be pursued in America.

On the action that we have taken on banks themselves, every guarantee that we have made is set against the banks' assets. In the insurance policies that we have signed there is a fee, and every loan is to be paid for as a result of the credit that we have extended. The right hon. Gentleman referred to the asset purchase scheme, and what we actually announced on Monday was a process by which we will talk to the banks in individual detail, and we will look at their assets and liabilities with them. We will therefore conduct the audit of the banks' finances that he says is necessary. We will report back to the House on the nature of the insurance scheme that we agree, and the risks will be shared with the banks in the scheme. It is similar to schemes that are being adopted in other countries, and that may continue to be adopted in America and elsewhere. I believe that it is the right thing to do, but the right hon. Gentleman must decide which central proposition he agrees with—that the recession must take its course, or that, when markets fail, Governments must step in.

Mr. Cameron: The fact is that this recession is getting worse. The Prime Minister talks about action, but the fact is that when we suggested a national loan guarantee scheme, he attacked it—and he has now introduced it. We suggested changing the terms of the bank recapitalisation; he attacked that idea, but he has now introduced it. We said that he needed to extend the special liquidities scheme; he attacked it, but he has now introduced it. The fact is that he is behind the curve on every single issue.

I am delighted that the Prime Minister has mentioned my right hon. and learned Friend the Member for Rushcliffe (Mr. Clarke). The difference between this former Chancellor and that former Chancellor is that this one left a golden legacy and that one wrecked it.

The Prime Minister said that the insurance scheme was a temporary measure. His City Minister, Lord Myners, said that it could last for up to nine years. How can the Prime Minister describe something as temporary that might last for nine years?

The Prime Minister: First, the shadow Business Secretary called the Conservative European policy "crackpot", "dotty" and "absurd". I know that they are trying to find a way of sitting together but they do not agree with each other's views on Europe and many other things.

As for the action that we have taken, let me quote a member of the Conservative party who has to make decisions. The Mayor of London said:

> "It's absolutely right that there's a huge problem in trying to get credit flowing and the Government is doing what it can."

That was the Mayor of London. He went on to say:

> "if we get it right and we invest in the right things…and…make sure…that we drive forward the projects of infrastructure that we want to see developed over the next ten years, London could emerge…more competitive and better placed".

The Mayor of London is far from saying that we should not invest in public infrastructure, while the Conservative party says that we should not invest in infrastructure. The Mayor of London and the Conservative party hold totally different views.

Mr. Cameron: Let me tell the right hon. Gentleman something that the Mayor of London, the former Chancellor and I all agree about: the Prime Minister is making a complete mess of the economy. When it comes to these great infrastructure projects, who just put back the carrier programme? Who cancelled the widening of the motorways? It was this Government, because they have run out of money.

The Prime Minister gave me absolutely no answer to my question about the insurance scheme. People want detail because they want to know that their money is being put to good use. This is not the first time that the Prime Minister has announced measures to bail out the banks. In the first bank bail out, he put £37 billion of taxpayers' money into the banks. He said that the shares that the Government bought would

"grow in value over the next period of time".

Will he confirm that, as matters stand, the taxpayer has actually lost more than £20 billion?

The Prime Minister: I was very grateful for the support that the Opposition party gave to the recapitalisation of the banks three months ago. I suppose that I should not be surprised that the minute there is a difficulty, they withdraw their support from the right proposal. The recapitalisation of the banks was the right thing to do. The right hon. Gentleman has no other policy that would replace that policy. We are right to continue to support the banks so that they can lend to people in this economy, and the measures that we have announced this week are the right measures to take us forward.

The right hon. Gentleman is completely isolated from every major party in every country in the world. Every country understands that when the private sector and the markets fail, and particularly when banks fail, the Government have a duty to act. He wants to cut public investment while others want to increase it. He wants to withdraw help from the unemployed while we want to give it. As far as the banks are concerned, he does not know what his policy is because it changes from one day to the next.

Mr. Cameron: The Prime Minister talks about being isolated, but does he not realise that he is the only person in the country who thinks he is doing a good job? *[Interruption.]* There was not exactly a roar of approval from behind him. The whole point about the first recapitalisation was that it was meant to get the banks lending. It has failed to do that, as even the Prime Minister has admitted. Let me put the question again. The shares were worth £37 billion. They are now worth less than £17 billion. Will he confirm—it is simple maths—that, as things stand, the taxpayer has lost more than £20 billion?

The Prime Minister: The point of the recapitalisation of the banks—*[Interruption.]* I am sorry that the Conservatives do not want to understand economics. The purpose of the recapitalisation of the banks—[HON. MEMBERS: "Answer!"] They should really grow up and face up to the big issues. The point of the recapitalisation of the banks was to stop them collapsing. If we had taken the right hon. Gentleman's advice and not put our stake into the banks, they would have collapsed. Thousands more people would have been worse off and thousands more businesses would have suffered. As a result of what we have done no saver has lost any money. What is his alternative to the capitalisation of the banks?

Mr. Cameron: If you want to ask us questions, have an election! The fact is—*[Interruption.]*

Mr. Speaker: Order. Let the Leader of the Opposition speak.

Mr. Cameron: The fact is that the Prime Minister is completely unwilling to answer the most basic questions about what the recapitalisation has cost so far, and what it might cost in the future. This comes at a time when the whole country is asking whether the Government know what they are doing. Is that surprising when we have the Employment Minister saying—today of all days!—that he can already see light at the end of the tunnel? Is it surprising when we have the Business Minister talking about the "green shoots of recovery", or the Housing Minister—she is not in her place—saying that there is a new boom in the housing market? Meanwhile, we have a Prime Minister who thinks that he has saved the world.

Is it not the case that the British people are losing confidence in the Prime Minister and the Government? Is it not right to say that, without confidence, we will not get a recovery?

The Prime Minister: The right hon. Gentleman has not one idea about how to begin to sort the problem out. I asked him what he would do in place of the recapitalisation of the banks, and he had no idea what he would do. Only this week, the secretary general of the CBI said:

"The Government needed to be bold and it has been. These measures are the essential pre-cursors for economic stability which will expand the availability of credit".

We are doing what other countries are doing. The only thing that the right hon. Gentleman says is that we should do nothing. He spends all his energies going around the country telling people that nothing can be done about this recession. We will act, but the Opposition will not. He is out of step with the rest of the world, and he is out of his depth.

Andrew Mackinlay (Thurrock) (Lab): Were the Serious Organised Crime Agency, the Financial Services Authority or our security and intelligence services fast asleep, or were they part of a cover-up in relation to Lloyds TSB's illegal handling of money from Iran to get round sanctions? Surely we need a statement about why this bank—no individual has been prosecuted in the UK—laundered in America $300 million of Iranian money and money from London that related to the Sudan. I think we should be told.

The Prime Minister: My hon. Friend is making very detailed allegations. Our sanctions policy against Iran has been one of the toughest in the world. It is tough on banks, tough on oil companies and tough on other institutions. I will of course look at the allegations that he has made, but I can tell him that we and other countries are leading the world in the sanctions against Iran.

Mr. Nick Clegg (Sheffield, Hallam) (LD): I should like to add my own expressions of sympathy and condolence to the family and friends of Captain Tom Sawyer, Marine Danny Winter and Corporal Richard Robinson, all of whom tragically lost their lives in Helmand province this last week. I should also like to join in welcoming the inauguration of President Obama, and I especially welcome his early announcement of the suspension of all military tribunals at Guantanamo Bay.

The British economy is now standing at the edge of a cliff. It is clear that international markets believe that many of our banks are effectively broke, and that is pushing confidence in the pound and in the Government's finances to an all-time low. Will the Prime Minister accept that his announcements and half-measures have created confusion and uncertainty, when the country desperately needs clarity and certainty at this very dangerous time?

The Prime Minister: I shall just repeat what Richard Lambert, the head of the CBI, said. He said that these measures

"if fully implemented...should stem a further downward recessionary spiral and provide a stable economic platform on which the UK can trade through this difficult period."

The right hon. Gentleman has to understand that we have done three things. The first is that we have recapitalised the banks to stop them collapsing. We have done that not to help bankers but to ensure that people who rely on the banks, and who have their savings in them, can be secure.

The second thing that we have done is give real help to families and businesses through this difficult period, when it is right that the Government should intervene; only the Conservative party seems to oppose that. The third thing that we have done is take measures to extend lending to businesses and families. Lending to businesses now takes the form of the Bank of England being in a position to lend to non-bank institutions and to lend directly to companies through the corporate bond market. We have created the asset insurance scheme so that we can give more certainty for the future about how we will deal with the problem of assets. All those things are done so that the banks can be stronger to extend lending. I believe that that the right hon. Gentleman will find that other countries around the world are doing the same.

Mr. Clegg: I am grateful to the Prime Minister for his reply, but does he not see the extreme danger in any remaining ambiguity in the Government's response? Does he agree with me, and the Chair of the Treasury Committee, that that must now mean the full, if temporary, nationalisation of our weakest banks without any further delay?

The Prime Minister: The issue is the extension of lending; that is the issue before us. The agreements that we have signed with the banks already are, I believe, agreements that are being honoured at the moment. I have to say to the right hon. Member that the problems is that when the banking crisis started, foreign banks that were operating in Britain reduced their capacity in Britain. Non-banking institutions that were lending in Britain for mortgages and companies reduced their capacity, so even if the Royal Bank of Scotland, Lloyds TSB, Barclays or those other banks increased the capacity substantially, we would have suffered a loss, just as every other country has suffered a loss of foreign capacity. That is the problem that we are trying to deal with. The problem is the resumption of lending; that is still the problem that has to be dealt with, whatever the status of the banks.

Ms Diane Abbott (Hackney, North and Stoke Newington) (Lab): Will the Prime Minister agree with me that people all around the world will have been moved by the inauguration of President Obama? There are many reasons to welcome his inauguration, but one is that when a man whose father, 60 years ago, could not have been served in restaurants in Washington becomes President of the United States, we can all of us, in our communities, turn to our children and say, "Yes, you can."

The Prime Minister: I am very grateful to my hon. Friend for showing the historic nature of the moment that we are seeing in America. This is the first black President of the United States of America. Let us not forget the history books: the White House was built by slaves, and it is now occupied by the first black American President.

Q2. [249483] **Mr. Edward Garnier** (Harborough) (Con): At the same time as the Prime Minister pleads with President Obama for a special relationship, is not his own relationship with the British public irretrievably breaking down? Have we not reached hideous levels of insensitivity when the Prime Minister, in the very week when unemployment is heading to 2 million, and when our constituents and our constituency businesses are deeply concerned about their finances, requires—indeed, demands—that his own Members of Parliament keep their expenses secret?

The Prime Minister: The hon. and learned Gentleman misunderstands what we are doing and the transparency that we are providing in the expenses. I said earlier that the main Opposition party and the Government had discussions about the statutory instrument. The Opposition party gave the impression that it was supporting that statutory instrument but it has now withdrawn its support for it. It is right, then, to seek all-party agreement on that, and that is exactly what we are doing. Far from spending a great deal of time this week on the issues that he is talking about, I am spending my time dealing with the problems of the British economy, and that is what I will continue to do.

Mr. Dennis Skinner (Bolsover) (Lab): Can the Prime Minister tell us what action will be taken again those bankers who have run their banks into the ground? Those Tory fat cats cannot blame—*[Interruption.]*

Mr. Speaker: Order. Let the hon. Gentleman speak. I want to hear what he is saying.

Mr. Skinner: Those Tory fat cats at the banks, represented by the Conservative party, cannot blame the trade unions this time for the almighty mess that this country is in. In another generation, they would have been described as the enemy within.

The Prime Minister: This problem has not been caused by inflation in our economy or in other economies. It is a global banking crisis that must be dealt with by global co-operation, and I am pleased that President Obama and others want to see that co-operation happen.

Q3. [249484] **Bob Spink** (Castle Point) (Ind): Fair's fair: we must all welcome the action that the Government are taking to get money flowing into small businesses and to keep people in work. The Prime Minister is doing that to help small businesses, not fat cats, but may I press him on behalf of pensioners, who also suffer from the recession? Will he meet me and Age Concern so that we can look at ways of further helping pensioners on issues such as meeting their fuel costs and on savings interest? Doing something constructive is much better than doing nothing.

The Prime Minister: I am grateful for the hon. Gentleman's question. *The Sun* said only a few days ago that there was only one MP who was more independent of the Conservative party Front-Bench positions than him, and that was the right hon. and learned Member for Rushcliffe (Mr. Clarke), now the shadow Business Secretary. With reference to pensioners, we have increased the winter allowance this year—£60 extra is going to pensioners now. We have also increased the pension from April. We will do everything we can to help pensioners with their savings. That is why we have the individual savings accounts for pensioners, and we have raised the pensioners' tax allowances so that 60 per cent. of pensioners pay no tax at all. We will do everything that we can in the next few months to help them. The hon. Gentleman is an Independent Member, so he, like those on the Labour Benches, can criticise the Conservatives for not supporting the £60 extra that we are giving to pensioners.

Dr. Stephen Ladyman (South Thanet) (Lab): The people of Gaza want to see aid and trade flowing across their borders again. The people of Israel rightly demand an end to rocket attacks on Israeli towns. Does my right hon. Friend agree that neither side will get those assurances in the long term unless we do more to neutralise the toxic influence of Iran in the region? Can he tell us what more he intends to do, besides the sanctions that he has already imposed, to neutralise that influence?

The Prime Minister: I believe the international community has to show great unity in isolating Iran, not only for the position that it takes on nuclear weapons but for its attitude to Israel. The best way to isolate Iran in the middle east is by finding a settlement between the Palestinians and the Israelis, whereby the middle east countries and the Arab countries can become united in supporting the two-state solution that other people have proposed.

Since the ceasefire, it is important that Israeli troops leave Gaza as quickly as possible. It is important that the crossings are opened. That is being discussed at meetings in Egypt tomorrow. It is also important that the peace process is moved forward. Although this may seem one of the most distant prospects at the moment, I believe we have a duty to use this opportunity to get countries to talk together about the process of peace. But the most important, urgent thing is the humanitarian aid that must be brought into Gaza. We have trebled our support for humanitarian aid, we are helping to transfer children from Gaza into hospitals, we are trying to get rid of the unexploded bombs in the area by working with people in the region, and at the same time we will give all the food aid and all the support aid we can. There has been a terrible catastrophe over recent weeks. We must do everything that we can now to help the people of Gaza, while at the same time stopping rocket attacks from Gaza into Israel. We must see that the ceasefire holds and then brings forward the process of peace.

Q4. [249485] **Sir Alan Beith** (Berwick-upon-Tweed) (LD): The Prime Minister's constituents may well benefit from substantial extra European regeneration funding because Scotland, along with Wales and Northern Ireland, has put in a bid to get unused European money, which is available for hard-hit areas. Will he reconsider the Government's decision not to make a similar application for the north of England, which desperately needs that investment? Why should England lose out?

The Prime Minister: We have successfully lobbied for the European Investment Bank to double the support for cars that have green technology and manufacturing processes. That will help car companies in the north-east. I am not aware that a north-east company has had any application for European Investment Bank support rejected. I hope they will make such applications, and I am happy to talk to the right hon. Gentleman about the economy of the north-east and what we can do to help it.

Q5. [249486] **Mr. Ronnie Campbell** (Blyth Valley) (Lab): The Prime Minister has to take advice from time to time, but if he took advice from the national newspapers and the Leader of the Opposition to do nothing for the economy, what plight would this country be in now? Will he take advice from me and some of my hon. Friends and nationalise all the banks?

The Prime Minister: President Obama and many countries around the world will be putting forward programmes for public investment in the future: public works programmes, investment in environmental technologies, investment in roads, transport, schools and hospitals. That is what we will do to keep jobs moving in the economy. It is unfortunate, as my hon. Friend says, that there is one party that opposes public investment in the future, and indeed would cut public investment at the time we need it most, and it is unfortunate that the Conservative party is isolated across the world.

Mrs. Jacqui Lait (Beckenham) (Con): The value of Railtrack was talked down by the previous Deputy Prime Minister so that the company could in effect be renationalised. Is that what the Prime Minister and the Chancellor are doing to our banks?

The Prime Minister: No.

Q6. [249487] **Linda Gilroy** (Plymouth, Sutton) (Lab/Co-op): May I join in the tribute to those who have lost their lives in Helmand in the past week?

Many in the banking sector who have covered things up and given bad advice have paid a price in terms of lost jobs and reputation, but others seem to have got off scot-free. What is being done to drive up performance and behaviour across the banking sector so that our constituents can have confidence that the billions of pounds of their hard-earned taxes that are being used to bail out the banks is money well spent?

The Prime Minister: That is exactly the matter that is being discussed now internationally to agree common standards of disclosure, common standards of transparency, common standards of risk management by the banks and common standards of responsibility to be taken by board members. We will do better by getting an international agreement on these standards and I believe that that will feature in our discussions at the G20 summit on 2 April.

Mr. Speaker: Before we hear a point of order, will Members please leave the Chamber quietly?

Point of Order

12.32 pm

Paul Flynn (Newport, West) (Lab): On a point of order, Mr. Speaker. May I raise with you a matter of the gravest importance that arises from your duties to protect the rights of Back Benchers? This is an instance in which the right of Back Benchers to scrutinise Government decisions has been obstructed in a most serious and deliberate way.

You were kind enough to allow me a debate in November on the decision to grant a novel indemnity to the American-led company that has taken over Sellafield, an indemnity that could cost taxpayers many billions of pounds in the future. At the time, I raised the concern that I, along with other Members who had shown an interest in the subject, would have no opportunity to debate it in the House because the minute came from the civil servants, from the Government, 75 days after the final day on which we could raise objections.

In the Adjournment debate, the Minister said that that was simply a clerical error. Now, 140 pages have been released under freedom of information legislation, many of them heavily censored, but it is clear from them that this was a deliberate, calculated attempt to ensure that the House was not informed about the decision until after the recess when no objection could be raised.

It was also suggested in the document and the debate that informing a single Chairman of a Select Committee is a substitute for informing the entire House, but the decision of one Select Committee Chairman, however distinguished, is no substitute for the historic right of Parliament to decide these matters. This a matter of the gravest importance, involving a contract of £22 billion, and possibly a £1 billion-plus subsidy for taxpayers in the future. Will you ensure, Mr. Speaker, that there is some way of reversing this decision, certainly calling the Minister to the House to explain how the rights of Back Benchers have been so flagrantly abused?

Mr. Speaker: I am grateful to the hon. Gentleman for giving me notice of his point of order. Members are responsible for the accuracy of their speeches; that is not a matter for the Chair. However, I always expect Ministers, who are accountable to Parliament, to provide accurate information to the House, as they are bound to do so under the resolution of the House in 1997 on ministerial accountability. The hon. Gentleman also raised the matter of how the contingent liability in relation to Sellafield was handled. I will ensure that he receives a response on that issue as soon as possible.

BILLS PRESENTED

Autism Bill

Presentation and First Reading (*Standing Order No. 57*)

Mrs. Cheryl Gillan, supported by Jon Cruddas, Mrs. Joan Humble, Roger Berry, Mr. Russell Brown, Mrs. Sharon Hodgson, Mr. Gordon Marsden, Mrs. Caroline Spelman, Mrs. Jacqui Lait, Angela Browning, Mr. Tim Boswell and Sandra Gidley, presented a Bill to make requirements relating to the collection and dissemination of information on people with autism; to make provision about support for people with autism; and for connected purposes.

Bill read the First time; to be read a Second time on Friday 27 February and to be printed (Bill 10).

Fuel Poverty Bill

Presentation and First Reading (*Standing Order No. 57*)

Mr. David Heath, supported by Mr. Peter Ainsworth, Mr. Paul Burstow, Mr. Martin Caton, Alan Simpson, Mr. John Gummer, Peter Bottomley, Colin Challen, Mrs. Linda Riordan, Mr. David Amess, Susan Kramer and Dr. Alan Whitehead, presented a Bill to make further provision about fuel poverty; and for connected purposes.

Bill read the First time; to be read a Second time on Friday 20 March and to be printed (Bill 11).

Statutory Redundancy Pay (Amendment) Bill

Presentation and First Reading (*Standing Order No. 57*)

Mr. Lindsay Hoyle, supported by Mr. David Crausby, Mr. Terry Rooney, Ian Stewart, Tony Lloyd, Jon Cruddas, John Bercow, Geraldine Smith, Mark Hunter, Mr. Bob Laxton, Mr. David Drew and Mr. Elfyn Llwyd, presented a Bill to provide for a mechanism for statutory redundancy pay which links it to average weekly earnings; and for connected purposes.

Bill read the First time; to be read a Second time on Friday 13 March and to be printed (Bill 12).

Small Business Rate Relief (Automatic Payment) Bill

Presentation and First Reading (*Standing Order No. 57*)

Peter Luff, supported by Mr. Adrian Bailey, Roger Berry, Mr. Brian Binley, Mr. Michael Clapham, Mr. David Heath, Mr. Lindsay Hoyle, Miss Julie Kirkbride, Mr. Andrew Love, Robert Neill, Mr. Mark Oaten and Mr. Mark Prisk, presented a Bill to require small business rate relief payments to be made automatically; and for connected purposes.

Bill read the First time; to be read a Second time on Friday 6 March and to be printed (Bill 13).

Royal Marriages and Succession to the Crown (Prevention of Discrimination) Bill

Presentation and First Reading (*Standing Order No. 57*)

Dr. Evan Harris, supported by Mr. Edward Leigh, Ms Katy Clark, John Bercow, Dr. John Pugh, Mr. Andrew Dismore, Andrew Mackinlay, Sir Gerald Kaufman, Mary Creagh, Mr. John Grogan, Sir Menzies Campbell and Mr. Elfyn Llwyd presented a Bill to make provision to remove discrimination in respect of Royal marriages and succession to the Crown.

Bill read the First time; to be read a Second time on Friday 27 March and to be printed (Bill 29).

Co-operative and Community Benefit Societies and Credit Unions Bill

Presentation and First Reading (Standing Order No. 57)

Malcolm Wicks, supported by Dr. Vincent Cable, Mr. Adrian Bailey, Sir John Butterfill, John Bercow, Mark Lazarowicz, Mr. Don Touhig, Linda Gilroy, Meg Munn, Mr. Andrew Love, Mr. Andy Reed and Alun Michael, presented a Bill to make provision for societies to be registered as co-operative or community benefit societies and to re-name the Industrial and Provident Societies Acts; to apply to registered societies the provisions relating to directors' disqualification and to make provision for the application of certain other enactments relating to companies; to confer power to make provision for credit unions corresponding to any provision applying to building societies; and for connected purposes.

Bill read the First time; to be read a Second time on Friday 24 April and to be printed (Bill 14).

Green Energy (Definition and Promotion) Bill

Presentation and First Reading (Standing Order No. 57)

Mr. Peter Ainsworth, supported by Mr. Martin Caton, Colin Challen, Greg Clark, Mr. Andrew Dismore, Mr. Nick Hurd, Mr. Oliver Letwin, Mr. Eliot Morley, Alan Simpson, Steve Webb, Dr. Alan Whitehead and Bill Wiggin presented a Bill to define the term "green energy"; to promote its development, installation and usage; and for connected purposes.

Bill read the First time; to be read a Second time on Friday 8 May and to be printed (Bill 15).

Scottish Banknotes (Acceptability in United Kingdom) Bill

Presentation and First Reading (Standing Order No. 57)

David Mundell, supported by Mr. Ben Wallace, Mrs Eleanor Laing, Miss Anne McIntosh, Mrs. Jacqui Lait, Mr. Graham Stuart, Mr. Mark Lancaster, Angela Watkinson, Mr. Robert Goodwill, Mr. Crispin Blunt, Mr. Peter Atkinson and Mr. Tobias Ellwood, presented a Bill to make provision about the acceptability of Scottish banknotes throughout the United Kingdom; and for connected purposes.

Bill read the First time; to be read a Second time on Friday 6 March and to be printed (Bill 16).

Leaseholders' Rights Bill

Presentation and First Reading (Standing Order No. 57)

Mrs. Jacqui Lait, supported by Mrs. Cheryl Gillan, Simon Hughes, Mr. Lee Scott, Grant Shapps, Mrs. Caroline Spelman and Sir George Young presented a Bill to confer rights on leaseholders relating to the management and maintenance of their properties; and for connected purposes.

Bill read the First time; to be read a Second time on Friday 26 June and to be printed (Bill 17).

Protection of Children (Encrypted material) Bill

Presentation and First Reading (Standing Order No. 57)

Sir Paul Beresford, supported by Mr. Dominic Grieve and Mr. John Randall presented a Bill to amend the Regulation of Investigatory Powers Act 2000 to increase the penalty where a person fails to comply with a notice requiring disclosure of protected material where it is likely that the material contains an indecent photograph of a child or where the offender has been previously convicted of a sexual offence involving images of children; and for connected purposes.

Bill read the First time; to be read a Second time on Friday 20 March and to be printed (Bill 18).

Children in Care (Custody) Bill

Presentation and First Reading (Standing Order No. 57)

Mr. Stephen Crabb, supported by Mr. Iain Duncan Smith, Mr. Graham Allen, Mr. Gary Streeter, Mr. Edward Timpson, Mrs. Nadine Dorries, Julie Morgan, Mr. Douglas Carswell, Kate Hoey, Simon Hughes and Mr. Elfyn Llwyd, presented a Bill to make provision about the services provided by local authorities in relation to the care of children in care in custody; and for connected purposes.

Bill read the First time; to be read a Second time on Friday 27 March and to be printed (Bill 19).

Palliative Care Bill

Presentation and First Reading (Standing Order No. 57)

Mrs. Caroline Spelman, supported by Mrs. Cheryl Gillan, Mrs. Jacqui Lait, Mr. Frank Field, Anne Main, Mr. David Amess, Mr. Gary Streeter, Mr. David Burrowes, Steve Webb, Alistair Burt, Jim Dobbin and Andrew Selous, presented a Bill to confer on patients a right to choose where to receive palliative care; and for connected purposes.

Bill read the First time; to be read a Second time on Friday 24 April and to be printed (Bill 20).

Organ Donation (Presumed Consent) Bill

Presentation and First Reading (Standing Order No. 57)

Mr. Jeremy Browne, supported by Lorely Burt, Dr. Evan Harris, Mr. Adam Holloway, Paul Holmes, Simon Hughes, Norman Lamb, Peter Luff, Mrs. Madeleine Moon, David Taylor, Malcolm Wicks and Derek Wyatt, presented a Bill to provide for an organ donation scheme based upon presumed consent; to make provision in relation to safeguards for such a scheme; and for connected purposes.

Bill read the First time; to be read a Second time on Friday 13 March and to be printed (Bill 21).

Schools (Health Support) Bill

Presentation and First Reading (Standing Order No. 57)

Mr. Jim Cunningham, supported by Mrs. Betty Williams, Helen Southworth, Mr. Adrian Sanders, Mr. Kevin Barron, Mr. Bob Laxton, Mr. Brian Jenkins, John Bercow, Dr. Brian Iddon, Sir George Young, Mr. Philip Hollobone and Mr. John Leech, presented a Bill to amend the Education and Inspections Act 2006 to establish standards in schools for the support of children with specified health conditions; to make provision about the inspection of such support; and for connected purposes.

Bill read the First time; to be read a Second time on Friday 8 May and to be printed (Bill 22).

PRESUMPTION OF DEATH BILL

Presentation and First Reading (Standing Order No. 57)

Mr. Tim Boswell, supported by Mr. Humfrey Malins, Bob Russell, Ian Stewart, Helen Southworth and Mr. Phil Willis, presented a Bill to make provision in relation to the presumed deaths of missing persons; and for connected purposes.

Bill read the First time; to be read a Second time on Friday 6 March and to be printed (Bill 23).

LENDING (REGULATION) BILL

Presentation and First Reading (Standing Order No. 57)

Mr. Russell Brown, supported by Gordon Banks, Miss Anne Begg, Mr. Ian Davidson, Mrs. Sharon Hodgson, Mrs. Joan Humble and Mark Lazarowicz, presented a Bill to impose requirements on lenders relating to the calculation of interest rates; to regulate the promotion of lending; and for connected purposes.

Bill read the First time; to be read a Second time on Friday 27 February and to be printed (Bill 24).

INDUSTRIAL CARBON EMISSIONS (TARGETS) BILL

Presentation and First Reading (Standing Order No. 57)

Mr. Charles Kennedy, supported by Mr. Michael Meacher, Peter Bottomley, Mr. Martin Caton, Mr. Mike Weir, Malcolm Bruce, Andrew Stunell, Simon Hughes and Mr. Roger Williams, presented a Bill to make provision for the establishment of carbon emissions performance targets for electricity generating stations; and for connected purposes.

Bill read the First time; to be read a Second time on Friday 3 July and to be printed (Bill 28).

EQUALITY AND DIVERSITY (REFORM) BILL

Presentation and First Reading (Standing Order No. 57)

Philip Davies, supported by Mr. David Davis, Miss Ann Widdecombe, Mr. Peter Lilley, Mr. John Whittingdale, Mr. David Heathcoat-Amory, Mr. Greg Knight, Mr. Graham Brady, Ann Winterton, Mr. Christopher Chope and Sir Nicholas Winterton, presented a Bill to prohibit the use of affirmative and positive action in recruitment and appointment processes; to repeal the Sex Discrimination (Election Candidates) Act 2002; and for connected purposes.

Bill read the First time; to be read a Second time on Friday 16 October and to be printed (Bill 25).

SPECIAL EDUCATIONAL NEEDS AND DISABILITY (SUPPORT) BILL

Presentation and First Reading (Standing Order No. 57)

John Bercow, supported by Mr. Lee Scott, Annette Brooke and Mr. Lindsay Hoyle, presented a Bill to make provision for further training of teachers and specialist staff; to make requirements relating to access to specialist services; and for connected purposes.

Bill read the First time; to be read a Second time on Friday 15 May and to be printed (Bill 26).

FORCES WIDOWS' PENSIONS (EQUALITY OF TREATMENT) BILL

Presentation and First Reading (Standing Order No. 57)

Mr. Michael Mates, supported by Mr. Bruce George, Sir Menzies Campbell, Patrick Mercer, Mr. Michael Clapham, Nick Harvey, Sir Peter Viggers, Simon Hughes and Sir Michael Spicer, presented a Bill to provide for the equal treatment of forces widows' pensions in respect of retirement from military service for the periods before 1973 and between 1973 and 2005; and for connected purposes.

Bill read the First time; to be read a Second time on Friday 19 June and to be printed (Bill 27).

Opposition Day

[1st Allotted Day]

Emergency Care

Mr. Speaker: I inform the House that I have selected the amendment in the name of the Prime Minister.

12.39 pm

Mr. Andrew Lansley (South Cambridgeshire) (Con): I beg to move,

> That this House acknowledges the excellent reputation of emergency and urgent care services in the UK; commends the expertise and dedication of NHS emergency and urgent care staff who work around the clock to provide a consistent and reliable service; notes the strain placed on accident and emergency departments across the country from winter viruses, and commends NHS staff for their extra efforts to maintain services in the face of such pressures; supports the improvement of acute hospital services and development of specialist centres where appropriate; welcomes the recent report published by the College of Emergency Medicine, but notes with concern its conclusion that proposals for urgent care centres are clinically unproven and undermine the principle of patient choice; regrets the lack of evidence to support models of service configuration which are centred on financial concerns and pressures arising from the European Working Time Directive; deplores the Government's lack of urgency in addressing concerns raised over trauma care; believes that the public should be given a more meaningful voice over the provision of local emergency services; recognises the unique contribution made by community first responders; recommends that the Government introduce a single number to access urgent and emergency care services; and urges the Government to publish its delayed urgent care strategy, the consultation for which was published over two years ago.

In this, the first Opposition day debate of this Session, we have the opportunity to reiterate our support for the national health service, which is our No. 1 priority and that of the people of this country. Even in the midst of economic crisis, we must be aware of how vital it is that all of us can continue to call on the NHS when we need it, and to know that its staff will respond with the capacity required, as well as the commitment and compassion that they have always shown in treating us as patients when we go to hospital or otherwise access the NHS. That is never more necessary than when we need emergency care for ourselves or for our families. Over recent weeks, we have seen great pressures on the service, with cold weather; widespread infections; wards closed by norovirus; an influenza outbreak; staff, both as a result of that and for other reasons, falling sick; accident and emergency departments that have been stressed 24/7; and, consequentially, elective operations being cancelled.

Throughout all that, doctors, nurses and other NHS staff have coped and cared. I therefore want to start by thanking NHS staff, as many Members will have done personally in their constituencies. Right at the turn of the new year, I had an opportunity to visit Ipswich hospital and to speak directly to the staff working in the A and E department there, to thank them and to hear from them about all the pressures that I mentioned. To give the House an illustration of what this has meant for staff, I note that Sally Ferguson, who is chief nurse at Bradford Royal infirmary, said:

> "Our staff have been working very hard, are working additional hours and we have delayed some non-urgent, planned operations. Our staff have shown incredible dedication and a massive thank-you must go to them."

We should not forget ambulance staff, for whom this has been an incredibly difficult time. Let me read this quote from Rob Ashford, who is chief operating officer at west midlands ambulance service:

> "Many of our staff gave up their own time to work additional hours away from their families while others enjoyed themselves."

Philip Davies (Shipley) (Con): I am grateful to my hon. Friend for thanking the staff at Bradford royal infirmary for their hard work. I can confirm that they work incredibly hard under difficult circumstances. Will he join me in thanking the staff at Airedale general hospital, which my constituents also use, because the staff there do an equally good job?

Mr. Lansley: I am grateful to my hon. Friend and heartily endorse what he says.

Happily, it is agreed across this House that NHS staff working in emergency and urgent care services do a fabulous job. We depend on them, and over these recent weeks, in all parts of the country, they have not let us down; they have responded terrifically. That is appreciated by patients. A patient wrote to his local newspaper about staff at Leighton hospital just outside Crewe, saying:

> "The doctors and nurses at the local A&E...all did everything they could to help me. Nothing at all was too much trouble for any of them. You are all a credit to yourselves and your professions."

Another patient, writing about Derbyshire Royal infirmary, said:

> "The treatment and attention I received at the Derbyshire Royal Infirmary was nothing short of first class."

I could add more and more of just those kinds of commendations for NHS staff.

Mr. Simon Burns (West Chelmsford) (Con): My hon. Friend rightly, like many hon. Members, praises, thanks and congratulates nursing staff and doctors in our hospitals and throughout the NHS. Does he agree that it is equally important to mention that the other unsung heroes of the NHS are the ancillary workers who provide the nuts and bolts of the operation of A and E departments and wards in our hospitals?

Mr. Lansley: I am grateful to my hon. Friend. Staff at Broomfield hospital, which serves his constituency, will greatly appreciate his comments. I know from talking to staff across the NHS that we sometimes underestimate the contribution that is made by all its professions and ancillary staff. We simply cannot run hospitals without a wide range of staff being present in order to make it happen, particularly out of hours and at weekends. Services can slow down dramatically without ancillary services such as diagnostics, portering and cleaning, and pathology laboratories being available. They are critical to maintaining the level of service that we all hope to receive when we go into hospital.

Today, I want not only to express our thanks but to take the opportunity to make real our appreciation by understanding what the pressures experienced over recent weeks tell us about the capacity of the service, the impacts of Government policies and plans on emergency

[Mr. Lansley]

and urgent care services, and the need—which I express on behalf of NHS staff—for the implementation of long-overdue reforms to emergency care and its support structures.

Let me give the House an important example in relation to understanding the pressures. In London, primary care trusts have been commissioning services from hospitals based on the framework for action that was published by Lord Darzi in July 2007. It is interesting to make a comparison, in order to understand what is going on. I heard from an NHS trust in London that its accident and emergency attendances in the 11 weeks before Christmas were up 10 per cent. on the preceding 11 weeks, that the elective admissions to the hospital were 15 per cent. above the level predicted by the primary care trust, and that its A and E attendances, year on year, had gone up by nearly 10 per cent., even though the primary care trust had said that they would go down.

Lord Darzi's report said that, over the next 10 years, the number of attendances at A and E departments in London would go down by 60 per cent. He said that 10 per cent. of patients did not need to be seen at A and E, and that 50 per cent. would be seen in the Government's new polyclinics. Frankly, that is not happening. The number of attendances at A and E departments is going up.

Up and down the country, people in A and E departments have told me that, when it comes down to it—as it often did over Christmas and the new year—patients are not being treated in the community when they are seriously ill, or when they are just reasonably ill, if the services in the community are unable to function 24/7 to offer the necessary support. The emergency department is the provider of last resort. It cannot say no; it has to meet the demand that is placed on it.

Angela Browning (Tiverton and Honiton) (Con): There seems to be an obvious correlation between the out-of-hours doctors service and people going to A and E when they could perhaps have been treated elsewhere. Also, I believe that NHS Direct is a very good scheme but, when I used it myself, I found there to be quite a time lag between making the initial call and a nurse ringing me back, followed by a doctor ringing me back and telling me to go to an A and E department. That covered a time span of five hours. If I had not had a little medical training, which gave me the confidence to know what the problem was, I might have become nervous and whipped my husband off to A and E a lot earlier. Does my hon. Friend think that there is a problem of people going off to A and E of their own accord as a result of that time lag?

Mr. Lansley: I am grateful to my hon. Friend for making that important point. In this debate, we need to press the Government. She will note from our motion that we want the Government to introduce proposals for a new, single telephone number for NHS services. I agree that telephone access to the NHS is necessary, and that it is beneficial to patients, but we should not delude ourselves that it leads to a reduction in A and E attendances. There is no evidence that it does that, but it is an important additional means of access. However, having a single telephone number to provide direct access to ambulance services, out-of-hours services and telephone advice would mean that patients would not have to move from one service to another, resulting in long delays while their needs are interpreted in order to decide which service should respond. Such a single number is sorely lacking. Emergency calls should still go to 999, but it should be possible for a call to the single number to be upgraded to receive an emergency response if necessary.

We know that that is necessary, and I think that the Secretary of State would agree. We recommended it some time ago and it has been reflected in subsequent next stage reviews across the country. The Government just have to get on with it, but for some absurd reason, when they have already accepted part of our motion, they seem to have taken it out, suggesting that they are not going to do it. They should do it. The next stage review by Lord Darzi said that it would happen, but there has been no consultation by Ofcom on access to the new single number, which we need; I hope that it will be provided soon. At the same time, we need a document from the Government showing how that number can provide access not only to NHS Direct nationally, but to out-of-hours services, local services and ambulance services. If the Secretary of State wants to interrupt me now to tell me that the Government are going to make progress on a new national telephone number for accessing urgent care services, I would be happy to give way to him.

Mr. David Evennett (Bexleyheath and Crayford) (Con): My hon. Friend is making a powerful case. I would like to commend the accident and emergency staff at Queen Mary's hospital in Sidcup, who did a tremendous job during the period that he highlighted. Is he aware that many residents in my borough, particularly the elderly, are very concerned about the future of those services because there is so much uncertainty?

Mr. Lansley: My hon. Friend reminds me that I visited Queen Mary's in Sidcup in the autumn, when I had the opportunity to see the emergency services and maternity services proposals at work. Many people in south-east London will be concerned about emergency services because, leaving aside the geographical distribution of emergency services in the area and the question of access at normal times, they will worry about the capacity of those services to respond. That is part of the argument about A and E in London more generally. Many dramatic pressures and a lot of demand have been put on emergency services. The number of beds in hospitals in London has been cut and departments have been downgraded.

The right hon. Member for Enfield, North (Joan Ryan) will know that the Government are trying to downgrade the emergency services at Chase Farm hospital in her constituency to an urgent care centre. Just before Christmas, the College of Emergency Medicine published a document on the way forward for emergency medicine and it did not regard urgent care centres as clinically proven or consistent with the principle of patient choice. Emergency consultants in hospitals are criticising urgent care centres, so why are the Government persisting with them? I fear that we will see the same problem in Sidcup.

Tony Baldry (Banbury) (Con): It would be wrong to see the capacity challenges just as a winter issue. I have just done an analysis of capacity at the John Radcliffe hospital in Oxford, based on the advice that it gave to GPs on access from 1 July to 31 December last year. On average, patients in certain disciplines were being diverted away from the JR every other day because of lack of capacity. This is a year-round issue for certain disciplines, including A and E. Is not the nightmare that the full implementation of the European working time directive is coming towards us like a train down the track? It keeps people awake at night wondering how on earth our general hospitals, including hospitals as large as the JR, will manage when the directive is fully implemented.

Mr. Lansley: My hon. Friend makes an important point, which also relates to emergency services in Banbury, even though he is talking about the John Radcliffe. I visited the emergency department at John Radcliffe about three years ago, and the quality of the redesign of emergency services and the service it provided struck me as remarkably good.

The issue of capacity is important. It is possible to have a magnificent system that works for normal levels of demand, but if there are abnormal levels of demand, we need to be able to respond to such surges. That is precisely the point made by the College of Emergency Medicine. It says that capacity in emergency departments is critical and that urgent care centres, walk-in centres, minor injury units and polyclinics may all have their place, but it would be foolish to think that they can substitute for emergency departments as the hub of the emergency care system. The resilience of the NHS to surges in demand such as the one that we have seen depends critically on emergency departments having the necessary resources—even more so if we were to encounter a pandemic. It is therefore vital that they are not downgraded or closed without regard to the implications or the evidence.

Dr. Andrew Murrison (Westbury) (Con): The high-tech end of medicine is extremely important, but would my hon. Friend agree that the wholesale closure of community hospitals has put considerable pressure on accident and emergency departments? In my area, for example, health care professionals are in no doubt that the closure of community hospitals has caused an increasing number of elderly and vulnerable people to end up in casualty departments, which is exactly where they should not be in the context of their long-term treatment.

Mr. Lansley: My hon. Friend is very knowledgeable about these matters. I have discussed the issue with him and with the chairman of his primary care trust, who believes that community teams will be able to look after patients in the community and, as a consequence, avoid their admission to hospital. Let us look carefully at the experience of the past few weeks and find out whether it is possible to do that in practice. In reality, we have seen patients being admitted into hospitals all the same. I am sure that Ministers will know that many patients in hospitals have been transferred into escalation wards because of limited capacity; new capacity has to be created.

Quite often, community hospitals can provide a place to which patients can be transferred to relieve pressure on acute hospitals when demand is high, while at the same time they can provide a sort of step-up bed so that GPs can admit patients and observe them. That means community medical resources can be deployed through GPs to look after patients, instead of those patients having to be transferred to an acute hospital, which is the last place we would want many of them to be. Let us look at what is happening in Wiltshire, because a lot of beds have been lost in hospitals in my hon. Friend's constituency, and I wonder what the consequences of that loss have been.

Joan Ryan (Enfield, North) (Lab): I am concerned about the selective and inaccurate way in which the hon. Gentleman is using the report to which his motion refers. I have read the report, not least because of the situation of my local hospital. He will know that the report does not help my argument, and I have my concerns about the Government's plans for Chase Farm hospital. I make my views about the matter clear to Ministers regularly. However, my point is that I am often struck by the difference between what he says in the Chamber and what his party did when in power. If it had not been for his party putting Chase Farm hospital under the threat of closure for many, many years, Chase Farm would not be in its current situation and—

Mr. Speaker: Order. This is an intervention, not a speech. The right hon. Lady might get an opportunity to make a speech.

Mr. Lansley: Let us stay in this century shall we? The College of Emergency Medicine said in its report:

> "We find the term 'Urgent Care Centre' misleading with no clear definition of the case mix, staffing or how they relate to the emergency departments. There is no evidence of the clinical or financial benefits of this model."

That is, however, precisely the model being pursued at Chase Farm. That model is being challenged locally by my colleagues and by the local authorities through judicial review, and it is incumbent on the Government, not least given the views presented by the College of Emergency Medicine, to call a halt. Given the pressures on London, they should reconsider whether Chase Farm should have a maintained emergency department, to meet demand.

As for what is being done by the strategic health authority in London, Ministers, in their amendment to our motion, do not seem to be responding to the pressures experienced by emergency departments in London by saying that they can help them. They are responding by calling them to a meeting, hitting them over the head and saying, "You must meet the four-hour target." There are some excellent hospitals in London that are doing their level best to respond, and doing all that they can to treat patients as quickly as they can. It is far from helpful for them to be threatened by the strategic health authority because they are at 97.1 per cent. rather than 98 per cent. The College of Emergency Medicine has argued for a long time that in practice, a 95 per cent. target for the four-hour waiting time in accident and emergency departments is financially and clinically logical.

David Wright (Telford) (Lab): I understand the hon. Gentleman's point about surge capacity in urgent care, but may I return him to the wider point about primary care services? They are critical, because primary care services in the community diminish the number of people presenting at A and E. Does he support extended

[David Wright]

GP opening hours and programmes for polyclinics? I am just trying to clarify the situation. Does he support initiatives to provide GP-led health care services and expand them in areas whose GP services are under-resourced? I am not talking about urgent care centres; I am trying to define whether Conservative Front Benchers support programmes to increase GP and walk-in services in communities.

Mr. Lansley: We are all very concerned to have better access to primary care. The Commonwealth Fund, which Ministers are keen on quoting, published a report last year stating that of the countries that they examined in the survey that Ministers rely on, access to primary care was worst in the United Kingdom. It stated, for example, that out-of-hours evening and weekend access to primary care was available to 60 per cent. of people in this country, compared with 93 per cent. in Germany. Those figures were self-reported, and there is a big gap between where we are and where we ought to be. A lot of things contribute to that gap, but the central part of it is out-of-hours services.

The Government focus on the idea that what really matters is GPs sitting in their surgeries dealing with routine appointments at half-past 7 on a Thursday evening, as if that were the answer. However, they have implemented an out-of-hours GP contract that has had the effect of substantially diminishing access to primary care in the evening, at night and at weekends. It is no surprise that although about 14 per cent. of A and E attendances generally occur on each day of the week, the figure is about 16 per cent. on a Monday. We can therefore see that there is a substantial Monday morning increment in the demand on A and E departments. All the reports that emergency departments make to us suggest that that is a consequence of the poor access to primary care over weekends, which the Government are doing nothing to solve.

Alistair Burt (North-East Bedfordshire) (Con): Will my hon. Friend give way?

Mr. Lansley: I shall give way one more time and then I must make some progress, because I do not want to take up too much time.

Alistair Burt: I am grateful to my hon. Friend, who has been extremely generous in giving time to colleagues. Before he leaves the issue of time pressures in the health service, I can confirm, from visiting Bedford hospital over the Christmas period, the pressures caused by the implications of the working time directive. Does he share my bewilderment as to why Labour MEPs did not vote to continue Britain's opt-out from the working time directive, knowing the implications for the health service and the problems that it would cause?

Mr. Lansley: My hon. Friend makes a vital point. It is astonishing that Labour MEPs would not adhere even to their own Government's policy. That came after the Government's presidency of the European Council, when they were unable to deliver the required changes to the directive. A compromise was agreed in the Council of Ministers, but the Government appear incapable of getting it through the European Parliament. It is outrageous that British MEPs should vote in a way that damages the prospects of delivering care in our NHS.

In the light of all the pressure on A and E departments, we have to ensure that they are not downgraded or closed unless what is done is evidence-based. I know that Ministers will say that because some patients need to be referred to specialist centres, such as those for major trauma, paediatric intensive care, severe head injuries, heart attacks and strokes, all patients with severe illnesses or injuries should therefore go to a regional specialist centre. The evidence does not support that. For example, the Sheffield study in the *Journal of Emergency Medicine*, published in 2007, concluded that increased journey distance to hospital appeared to be associated with an increased risk of mortality, the strongest association being for patients with respiratory emergencies. The study did not include cardiac arrests.

The argument is clear for an understanding that some patients will bypass their local emergency departments and go to a specialist centre, particularly those in blue-light ambulances. Let us contemplate major trauma. It is very important to have regional trauma centres, and we need the trauma network to be developed in that way. We saw in a report published in November 2007 that less than half the patients suffering major trauma received the best standard of care. That was according to the national confidential inquiry. The report called for regional planning for trauma networks, but what has been the Government's response so far? A Minister in the House of Lords said that they were considering appointing another tsar to take on the task. We are more than a year on, and the Darzi review provided plenty of opportunity for something serious to be done about the problem, and for regional work to make something happen—but that simply has not happened.

We have been fighting accident and emergency reconfigurations. I give credit to my colleagues, because in Surrey and Sussex, for example, they have seen off plans that would have substantially undermined local capacity to offer emergency services. They have been fighting such plans elsewhere, for example in Hertfordshire, but I am afraid that they do not seem to have won so far in places such as Hemel Hempstead and Welwyn. I promise my colleagues, the House and the public that we, when in a government, will focus on ensuring that capacity is in place for the emergency services, and on not making accident and emergency reconfigurations unless they are backed by the decisions of local commissioners, such as the GPs who look after patients, and by clinical evidence of need. We will operate on that basis, and where necessary we will put a stop to misguided reconfiguration proposals.

Mrs. Ann Cryer (Keighley) (Lab): The hon. Member for Shipley (Philip Davies), who is my MP, spoke in glowing terms about Bradford royal infirmary and Airedale hospital. I have frequently been a patient at the BRI, and Airedale hospital is in my constituency. The hon. Member for South Cambridgeshire (Mr. Lansley) is talking about outrageous this and outrageous that, but he is not offering solutions for one of the most outrageous occurrences in accident and emergency departments: the treatment of doctors, nurses and ancillary workers by members of the public who go in for treatment under the influence of either drink or drugs. On some occasions such patients are quite violent, which is truly outrageous. Does the hon. Gentleman have some magic solution to that? I do not think that there is one.

Mr. Lansley: I understand the hon. Lady's point, but I think that she does us a disservice. My hon. Friend the Member for Hemel Hempstead (Mike Penning), not least, has made clear our determination to pursue prosecutions. To my recollection, there are something like 55,000 assaults a year on NHS staff, less than one in 1,000 of which leads to a prosecution. What is the point of putting up notices across NHS buildings saying that there will be zero tolerance of assaults on NHS staff if people know that in practice, those who commit exactly that offence will not be prosecuted?

We make it clear in our motion that we want an urgent care strategy. The Government have promised that; they held a consultation in October 2006 and published the responses six months later. Two years on, they have not published a strategy. They said that the matter would be dealt with in the Darzi review, but the final Darzi report contains two references to urgent care, which are essentially nothing more than references to the single telephone number that I have already talked about. Where, then, is the urgent care strategy that is required? Everywhere I go across the country, people are looking for urgent care networks and for a better structure of urgent care that better knits together A and E, walk-in centres, out-of-hours services, ambulance services and NHS Direct, and presents seamless joined-up care for patients. It is vital that we achieve that.

I thank the Government because they have accepted the first part of our motion in their amendment, and I appreciate that. Indeed, they have expressed their recognition of the work of community first responders. In some parts of the country, such as Cheshire, that is not reflected in the behaviour of the ambulance service. Community first responders in rural areas make a vital contribution to response times, especially category B response times, but their achievement does not appear to be recognised. However, I appreciate the Government's approach to that.

Despite that approach, the Government have gone on to delete a great deal that is necessary in the motion and replace it with some deeply flawed text. They persist with the idea that improvements in primary care and access to GPs is a substitute for access to emergency departments and emergency care. That is not the point, as the College of Emergency Medicine makes clear. It stated:

> "It is disingenuous to compare a 24/7 service that cares for the whole spectrum of ill and injured patients with the care of routine patients in a GP surgery."

"Disingenuous" is not a word that I would normally apply to the Secretary of State. The idea probably emanated from the Minister of State, the hon. Member for Exeter (Mr. Bradshaw).

I hope that we have shown that we appreciate NHS staff who work in emergency care. I think that we show that we appreciate them if we listen to them. They need a major trauma network, but the Government are letting action on the national confidential inquiry report drift. The urgent care strategy and the single number seems to have been delayed and delayed, and the Government's assumption that patients will not turn up at accident and emergency has been proved false and—worse—dangerous. With beds being cut and A and E departments downgraded, the capacity to deal with surges in demand is being undermined. The evidence from the College of Emergency Medicine about A and E reconfigurations, which was published in December, is being ignored and the Government persist with their plans for urgent care centres in place of emergency departments, although the case for that is clinically unproven.

Emergency departments are central to the emergency care system. Instead of ignoring the views of emergency consultants and pushing polyclinics as a panacea for all ills, the Government should give emergency care the support and the structure that it needs to meet the demands that it faces in future. We will listen, not lecture. We will work with the evidence, not ignore it. We will act where the Government have drifted. I commend the motion to the House.

1.12 pm

The Secretary of State for Health (Alan Johnson): I beg to move an amendment, to leave out from "appropriate" to the end of the Question and add:

> "acknowledges that health professionals provide excellent emergency care to 19 million patients a year in England; recognises the unique contribution made by community first responders; notes that the four hour target maximum wait in accident and emergency is hailed by many as one of the most significant steps forward in improving services for patients; welcomes the fact that patients can also access services through NHS Direct and 90 NHS walk-in centres and will soon see the benefits of 113 new GP practices in underdoctored areas and at least one new GP-led health centre in each primary care trust open seven days a week from 8 am to 8 pm; and further notes that the removal of target maximum waits for treatment will increase waiting times for patients."

I welcome the hon. Member for South Cambridgeshire (Mr. Lansley) back to his former position after the reshuffle. Indeed, I was thinking how much I would have missed him if he had gone. I genuinely believe that we can have a debate about the motion and the amendment, which would make a change, and consider some of the issues that hon. Gentleman raised. I say that because the past couple of days have put me in a jovial mood. Yesterday, in America, Obama was inaugurated and one of the priorities, which he must tackle quickly, is the terrible problems in the health service there. In America, 46 million people are uninsured and 25 million people are underinsured. Insurance premiums have increased by 90 per cent. since 2000, whereas wages have gone up by a quarter of that. Harvard university estimates that half the bankruptcies in America are caused by medical bills. Compared with that, the issues that we are discussing and the political differences between us pale into insignificance. Barack Obama and many American politicians would like to have this sort of debate rather than the central debate that they must hold quickly about how to have an American health service that fulfils the needs of its people.

Mr. Burns: Would not the Secretary of State be even happier if President Obama had adopted the more extensive health care provisions of Hillary Rodham Clinton?

Alan Johnson: Let us wait and see. The problem with the Clinton proposals—it is questionable whether they were Bill's or Hillary's—is that they did not emerge until the September after the January inauguration, which was probably too late because the 100 days had passed. Secondly, they sought to overhaul the whole health system, whereas Obama is trying to examine the issues that present problems rather than those that do not.

Mr. Burns: I am sorry to say that I think that the Secretary of State is a little confused. He refers to the original proposals in 1992-93, whereas I meant the proposals on which Hillary Rodham Clinton fought the primary elections in 2007-08.

Alan Johnson: Indeed, I was referring to the original proposals, which I thought were hers as well. Let us move on to British politics.

Dr. Murrison: I am worried that the Secretary of State may be a little complacent. I do not think that President Obama will wish to emulate our outcomes for common causes of morbidity and mortality, especially stroke, which I hope the right hon. Gentleman will consider shortly. America—indeed, most of the western world—does considerably better than us on that.

Alan Johnson: I am afraid that the hon. Gentleman is wrong. America spends 16 per cent. of its wealth on the health service—[HON. MEMBERS: "Outcomes."] It has the poorest outcomes in the world for many health matters.

The Conservative party has crossed the Rubicon and supports a taxpayer-funded national health service, free at the point of need. The predecessors of the hon. Member for South Cambridgeshire, in the shadow Cabinet and when the Conservatives were in power, would have had a range of hon. Members sitting behind them who might have paid lip service to that but who were carefully making plans to undermine it—whether through the patient's passport or all the other variations on that. I therefore welcome the hon. Member for South Cambridgeshire back. I am glad that he was not moved to make way for the right hon. and learned Member for Rushcliffe (Mr. Clarke)—although, if the right hon. and learned Gentleman had taken the post, the love-in with the BMA would have ended quickly, given his previous record.

The hon. Member for South Cambridgeshire recognised that we support six of the 11 points in the motion. The Opposition commend

> "the excellent reputation of emergency and urgent care services in the UK",

and rightly pay tribute to NHS staff, especially given the winter that we have had. I shall say more about that shortly. The motion also

> "supports the improvement of acute services and development of specialist centres where appropriate".

That is rather confusing, because specialist centres, especially specialist A and E and the need to ensure 24/7 cover by the very best people, form part of the debate that has gone on in the health service and I think, from his comments and propositions, that the hon. Gentleman supports that. However, the important words are "where appropriate". Who decides whether the centres are appropriate? That is a major issue.

The motion includes three issues with which we disagree. First, it refers to the report from the College of Emergency Medicine, which is a new organisation, in its first year. We welcome its report and hope that it prospers, but we disagree with the suggestion that the clinical case for urgent care centres is unproven.

Secondly, the motion refers to the

> "lack of evidence to support models which are centred on financial concerns and pressures arising from the European Working Time Directive".

Thirdly, it refers to a lack of urgency in addressing concerns about trauma care.

There are a couple of neutral issues. We believe that the public should be given a more meaningful voice about the provision of local emergency services. We may disagree about the way in which that is done, and we do not agree that there has been delay in the urgent care strategy. I can understand, given the report that was produced two years ago—*[Interruption.]* I will deal with that shortly.

We want to hold a genuine debate about the motion and the amendment. As I said, like all Labour Members, I wholeheartedly join the hon. Member for South Cambridgeshire in acknowledging the excellent reputation of emergency and urgent care services in this country, and the dedication and commitment of NHS staff to providing an outstanding service to patients 24 hours a day, 365 days a year. I hope that he will join me in acknowledging the support that the Government have given the NHS: massive investment, doubling the number of emergency consultants, an increase of 135 per cent. in funding for ambulance services, and greater numbers of people in training, all of which lead to better, faster treatment, with greater patient satisfaction.

I hope that Opposition Members also recognise the steps that we have taken to improve the pay and conditions of staff in our emergency services. The hon. Member for South Cambridgeshire has suggested a day of celebration of nursing in this country. Given the plans of the shadow Chancellor and the Leader of the Opposition, that day might merge with the day when everyone looks back on when they had defined benefit pension contributions, because, as I understand it, while applauding the work of the 1.3 million people in the NHS, Opposition Members are also keen to attack their pensions.

Mr. Lansley: Nonsense!

Alan Johnson: The hon. Gentleman says, "Nonsense!" *[Interruption.]* Opposition Members are saying, "No, no, no!" The words of the Leader of the Opposition were that the private sector is moving from defined benefit to defined contribution schemes and that that has to be what we do in the public sector.

Mr. Lansley: That is not a quotation.

Alan Johnson: Absolutely—I did not say that it was, but that is what the Leader of the Opposition was saying. *[Interruption.]* We will get to the bottom of this before the next general election. As well as improving pay—*[Interruption.]* While we are on this point, the Leader of the Opposition has said quite clearly that there needs to be a move to defined contribution pension schemes. The hon. Gentleman can now intervene on me to say that a future Conservative Government will in no way interfere with the pension arrangements of NHS staff. I will take that intervention from him or any member of his Front-Bench team.

Mike Penning (Hemel Hempstead) (Con): Get on with it.

Alan Johnson: Ah! Well, that is very interesting.

As well as improving pay for staff on the lowest pay grades, "Agenda for Change", which was introduced in October 2004, has significantly improved the pay and conditions for ambulance staff in particular. They are no longer expected to work nights, weekends and public holidays for the same rates of pay as normal hours. Their pay has increased, as has the training and the professional development that they receive.

The hon. Member for South Cambridgeshire is right to say that winter pressures place additional strain on urgent and emergency care. As hon. Members will know, last month was the coldest December for 30 years. Increases in accidents, flu cases and other health problems associated with cold weather put the NHS under great pressure. In some hospitals that I visited, it was miraculous that the staff were keeping the service going at such high level of quality. At one hospital that I visited in Yorkshire, the amount of ice on the roads meant that it had to treat 200 fractures over four days. However, better planning, more staff and improved organisation have given the NHS the capacity to cope with such pressure without a return to the dreadful scenes of the early 1990s, when many A and E departments had to close because they could not cope with patient demand.

I agree that we should support further improvements of acute hospitals and develop more specialist centres. I would also like to point out that the abolition of long waits and greater investment in specialist centres for conditions such as stroke over the past 12 years has radically transformed patient care in our hospitals. I, too, welcome the report by the College of Emergency Medicine, but I take issue with the claim that the vital reconfigurations of urgent and emergency care services are motivated by financial constraints or that they are clinically unproven. Every reconfiguration of urgent and emergency care is clinically reviewed by the national clinical director for urgent and emergency care and his team. All decisions are taken on the basis that they will improve patient safety and improve the quality of care and that they balance these concerns against improving patient access.

Mr. Paul Truswell (Pudsey) (Lab): A few moments ago my right hon. Friend mentioned stroke, which the hon. Member for Westbury (Dr. Murrison) raised earlier. Will he describe in a little more detail what the Government intend to do to raise professional and public awareness of stroke symptoms, improve access to scanning, ensure that acute stroke units are brought up to the standard of the best and look into the development of hyper-acute stroke units?

Alan Johnson: I recently had occasion to visit the health service in my hon. Friend's constituency. Stroke care is crucial. The stroke strategy that was adopted in December 2007, with the involvement of all the charities and experts, is being taken forward. The fast test, for a quick assessment of whether someone is suffering from a stroke, is now widely spread, in all GP surgeries. However, we are talking about a continuing programme, and my hon. Friend is right to raise the importance of stroke care in the NHS.

Dr. Murrison: Does the Secretary of State agree that although stroke has emerged from the shadows as a true emergency because of the advent of imaging and thrombolysis, the United Kingdom has some of the worst outcomes in the western world? Will he also comment on the Stroke Association's assertion that

> "access to acute emergency stroke services throughout the UK is...in need of urgent improvement"?

Alan Johnson: We all accepted when we came into power in 1997 that the three major killers—cancer, heart disease and stroke—needed to be tackled. They could not all be tackled at the same time and with the same intensity. However, it is fair to say that although we saw early improvements in cardiovascular disease and cancer in particular, stroke care came a little later. The hon. Gentleman is right to say that. I do not know when the Stroke Association said the words that he quoted, but it has worked closely with us to improve services. Neither we nor the Stroke Association believe that we have a perfect stroke care service. However, in relation to the very issues that we are discussing today, we do believe that as specialist centres are introduced more widely and as we put in more resources and implement the stroke strategy, outcomes will improve accordingly.

I was talking about how we deal with reconfigurations and what the Conservative motion says about the importance of concentrating services where appropriate. As part of his review last year, albeit that it was separated from the final publication by a couple of months, my noble Friend Lord Darzi set out clearly the rules that will govern the changes. I would be very surprised if there were any differences, given the importance that we all attach to moving with the times and implementing more specialist care. Lord Darzi said that change must

> "always be to the benefit of patients,"

and that it must always be "clinically driven". Change must not come from a Richmond House edict, but must always be

> "locally-led... Meeting the challenge of being a universal service."

and recognising that

> "Different places have different...needs".

Change must always involve patients, the public and local staff. If proposals are adopted and change is to occur, the local population has to see the benefits in place first, before the changes occur. That means some quite expensive but very necessary double running to ensure that things work. That seems to be the perfect model in a world where no one is suggesting—I presume that that includes those on the Opposition Front Bench—that there must be no change and no so-called reconfigurations whatever.

Professionals estimate that between 50 and 70 per cent. of people who turn up at A and E would be better treated elsewhere. The majority would be better treated in primary care—that is why primary capacity is so important, as my hon. Friends have rightly pointed out—or in minor injuries units or urgent care centres. Our urgent and emergency care services see patients with a huge range of conditions, from a major trauma to a broken finger. It is nonsense to suggest that a patient who has twisted an ankle is always best accommodated alongside a patient who has had a heart attack or been seriously injured in a road accident. To deal with major trauma or severe injury successfully, A and E departments need the right concentration of expert staff to assess critically ill patients quickly. In many areas, there will be two A and E departments in relatively close proximity to each other, trying to do that as well as deal with many less serious complaints. That is why many SHAs are taking decisions to concentrate expert A and E staff in one hospital and equip the other to deal with more minor complaints. That is what has

[Alan Johnson]

happened successfully in areas right across the country. The suggestion that these decisions are being taken because of the European working time directive is, frankly, laughable.

Mr. Lansley: Does the Secretary of State agree or disagree with the College of Emergency Medicine when it argues that, for a proportion of patients, distance to an emergency department is a significant risk factor in overall outcomes? Its document published just a month ago says:

> "Where the next nearest Emergency Department is more than 20 kilometres away, there is a strong argument for retaining an emergency service."

Does the Secretary of State agree or disagree with that principle?

Alan Johnson: I would broadly agree with it; there is a strong argument for that, but it has to be decided locally. That college does not say that a hard and fast rule should be set in all circumstances. The major thrust of the report, representing as it does A and E consultants, is that we should double the number of such consultants—having doubled them already! When I was leader of the Communication Workers Union, not a single report it issued failed to suggest that more of my members were needed somewhere in British Telecom or the Post Office, so I am not surprised by that report. It also says, however, that there is no single solution to the reorganisation of emergency care. It makes the point that in urban areas where emergency departments are close together—the very point I just made—there may be advantages to amalgamating some services. On the whole, it is a bit sceptical and it makes the point about long distances, but I do not think there is anything between us if we are guided by the five principles set out by my noble Friend Lord Darzi, who knows more about the health service than all of us put together—more even than the hon. Member for South Cambridgeshire. Let us say rather that he has forgotten more than we ever knew and put it that way round! The key issue is how we deal with the problem.

Conservative Members say that the European working time directive is the issue, but they have always been a bit confused about it on the Opposition Benches—perhaps it is the word "European" that explains their opposition to it. When they were in government under an employment Minister called Mr. Portillo, they got confused and thought that it was part of the social contract—

Mike Penning: The social chapter.

Alan Johnson: The social chapter—the hon. Gentleman is right to correct me, as the social contract is something completely different, which I well remember from the early 1970s. Let us be clear: the Tories got confused about the social chapter and the British taxpayer—*[Interruption.]* I am asked what this has got to do with it, but the European working time directive is mentioned in the motion. They got confused and spent thousands of millions of taxpayers' money, fighting a case in the European courts, which they lost because it is a health and safety measure and does not come under the social chapter or the social contract.

I was also asked in an earlier intervention about the opt-out, which the British Government intend to maintain. In co-decision with the European Parliament, we will maintain the opt-out as we have done for 12 years. The fact is that that argument—Opposition Members should understand this—will make not the slightest difference to the NHS. There is a separate agreement for junior doctors. We have decided—I would be surprised if anyone took a different view—that the national health service will have a 48-hour working week with no opt-out. The reason for that is that with the rotas and flexibility necessary in the NHS, the system cannot be run effectively if we are constantly depending on who opts in or out. Whereas individual doctors can, we are implementing this by having a 48-hour week, which will come about on 1 August 2009.

That is not to say that we do not recognise the argument about doctors flogging themselves to death. The hon. Member for Banbury (Tony Baldry), who is no longer in his place, raised this issue and said that he is kept awake at night worrying about the working time directive. The point of that directive was to stop clinicians staying awake all night because they were obliged to be at work for horrendously long hours, which adversely affected the quality of care provided.

Mr. Lansley: The Secretary of State lectures us about the working time directive, but ignores the point that really matters. There was an agreement in the Council of Ministers to change the definition of "resident on call" so that it related to time spent actually working at night rather than all the time when one is resident but asleep. That is a critical issue, so will the Secretary of State explain why Labour Members of the European Parliament voted against the Council of Ministers' compromise, the purpose of which was to enable us to interpret "resident on call" in a way that worked for the national health service?

Alan Johnson: I am raising this because I was asked about the opt-out in an earlier intervention, but the opt-out is not the issue. What the hon. Gentleman mentions is, of course, an issue. It is a crucial issue in order to ensure that the agreement we struck with the Commission, after a long period of virtually hand-to-hand fighting, was maintained. *[Interruption.]* It is a co-decision. I am not sure how Conservative MEPs voted on the issue, but it is a co-decision, as I said. The decision is taken based on decisions in Parliament, but it has to be agreed with the Commission and with Ministers.

The working time directive was first introduced in 1998, the NHS has made excellent progress in meeting its terms and the majority of NHS services—the vast majority of them—already meet the 48-hour requirement, which will come into force in August 2009. There will always be parts of the service where this is particularly challenging, and we will work with the British Medical Association and the Royal Colleges to address those areas over the next few months. *[Interruption.]* Incidentally, the BMA is fierce in protecting the safeguard of the 48-hour week and would not appreciate any—*[Interruption.]* That is a relief—*[Interruption.]*

Madam Deputy Speaker (Sylvia Heal): Order. If hon. Members wish to make a point, I think that they know the parliamentary procedures for them to do so.

Alan Johnson: I apologise for encouraging them, Madam Deputy Speaker.

The hon. Member for South Cambridgeshire is wrong to say that we are not prioritising the improvement of trauma care. We believe trauma care needs to be recognised as a specialist form of medicine. Patients who are severely and critically injured need the expertise of many specialist professionals—from critical care doctors to neuro-surgeons. Just as we have improved specialist care for conditions such as stroke, so we will also improve trauma care. That is why, as part of my noble Friend Lord Darzi's review of the NHS, every strategic health authority set out how they would improve the provision of trauma care—most by setting up specialist centres in trauma care.

The hon. Member for South Cambridgeshire asked in his speech and his motion what happened to the report and why there was nothing in the Darzi review, save for the three-digit number, about urgent care. What he fails to recognise is that the Darzi report incorporated all nine SHAs' visions for the future in their regions, which were worked out with their clinicians, their patient groups and the public. The final report published in July last year was an implementing document or an overview so that all of that could be put in place.

Sandra Gidley (Romsey) (LD): It was a useful idea to have all these workstreams at each SHA level, but I am somewhat confused by the acute care pathway reports for the South Central SHA, as the chair is a consultant in the care of the elderly. Many would have had more faith in the process if it had been chaired by somebody with expertise in trauma care. How can the public and people working in the sector who are trying to drive change have full confidence in the process if the team is not as appropriate as it should be?

Alan Johnson: I do not think that the process should be judged by the profession of the person chairing it. Someone has to chair these groups and in this case it was necessary to look at clinical services right across the patch. The point is that trauma was a priority in every SHA report. They made it a priority in the regions. People cannot accuse us of being top-down and top-heavy and tell us we should have local involvement, and then complain when the Darzi review is implemented in that very way—I am not saying the hon. Member for Romsey (Sandra Gidley) was complaining, but Conservative Members were.

The report on trauma care was published two years ago just as the Darzi review was being formulated, and the idea now is to carry forward those visions in each strategic health authority. We need someone to oversee this, however, and I can today announce that I am appointing Professor Keith Willett, chair of the British Orthopaedic Association's trauma committee and a leading international expert on fractures and trauma, to be the first national clinical director for trauma. The hon. Member for Banbury, who is not in his place, will probably know him very well because he is a leading clinician at John Radcliffe, Oxford.

I agree that the public should be given a say in how urgent and emergency care services are configured. Indeed, the next stage review sought the views of more than 40,000 people, and asked them specifically what improvements they wanted to see in urgent and emergency care. Clinicians used the views expressed by patients to make their recommendations for what should happen in each region.

I join the hon. Member for South Cambridgeshire in his praise for the contribution made by community first responders. They play a vital role in improving responses to 999 calls in many parts of the country and in supporting ambulance services. They are not, however, a substitute for an emergency ambulance response. I am delighted that the Opposition are favourably disposed to potential plans to bring in a new, single digit number to access urgent and emergency care services. As my noble Friend Lord Darzi has pointed out, this would provide a quick, convenient way for people to find out about local urgent care services, particularly out of hours or away from home, and we will be consulting on this proposal in due course.

Mr. Graham Stuart (Beverley and Holderness) (Con): Yorkshire ambulance service, with which the Secretary of State will be familiar, provides data by local authority area at present; it does not do so on a ward-by-ward basis. Given that there is concern in rural communities about differences in performance between wards, will the Secretary of State encourage ambulance trusts around the country to provide data down to ward level so that we have a clearer picture?

Alan Johnson: That point is worth looking into, and I will do so. We currently have the best performance ever from our NHS ambulance service, and we should include it in our congratulations.

The hon. Member for South Cambridgeshire asked us to publish the urgent care strategy, and I dealt with that in mentioning the strategic health authorities. *[Interruption.]* I accept that my responses to the points that have been raised are of varying quality. It is sensible that SHAs should carry forward their vision, and we should help them and fund them to do that.

Over the past 12 years, there have been real—indeed, dramatic—improvements in patient care. Patients no longer have to wait years for treatment after referral: at most they have to wait 18 weeks, and the average wait is about eight weeks. The vast majority of patients wait for less than four hours in accident and emergency. Let me put in perspective what this means for patients. A doctor I spoke to recently told me about the accident and emergency department in which he worked in 1995, where waits of 12 hours or more were so frequent that patients were asked for two meal choices when they arrived. Sheets were taped across the corridor to create makeshift wards. He now works in a hospital in the same area where accident and emergency patients are treated on average in just over an hour.

The measures we have taken over the past 12 years have dramatically improved the quality of urgent and emergency care, as the Opposition motion recognises. The abolition of long waits for treatment is one of the NHS's finest achievements. Greater investment, more staff, better planning and strong leadership have transformed urgent and emergency care services for patients, and I commend the amendment to the House.

1.44 pm

Sandra Gidley (Romsey) (LD): I welcome this debate. When I first read the Conservative motion, I thought it was a bit of a hotch-potch: half of it nobody could

[Sandra Gidley]

disagree with—it praises everyone under the sun, and there is nothing wrong in that—but the rest of it seemed like the product of a brainstorm, with references to almost anything that might be remotely related to emergency and urgent care. However, although some of those topics have not been pursued in the debate so far, the Conservatives have highlighted a very important subject.

The hon. Member for South Cambridgeshire (Mr. Lansley) took the Secretary of State to task because the Government's amendment mentions out-of-hours care, but I think the changes in the provision of that care have had an impact on emergency and urgent care, so it is probably worth mentioning some of them. The Government have done many things to improve care for patients, but they would probably acknowledge quietly that one of their biggest mistakes was to take responsibility for out-of-hours care away from GPs and put it in the hands of the primary care trusts. As a result, the GPs were only responsible for the core hours from Monday to Friday. In some areas, GPs wanted to provide weekend care, particularly if they had a high commuter base, but that was actively discouraged by PCTs. The costs shot through the roof, and in some places the out-of-hours services were introduced hurriedly—to describe what was on offer in many areas of the country as an "unmitigated disaster" is putting it quite mildly. Many people waited more than four hours for a GP to arrive. In my area, we are flying in doctors from various parts of the European Union. A lot of them are German. I have no problem with German doctors; they are all very nice, and people generally had a positive experience. However, those doctors did not understand local services and a number of significant problems arose; if they wanted to section somebody, for example, they did not understand the UK law and procedures governing that decision.

The number of people resorting to calling an ambulance also markedly increased. It is perfectly understandable that a concerned patient might do that if the out-of-hours service is not responding and they are not getting the reassurance they need. We should not criticise patients for doing that.

The Government amendment applauds the increase in GP opening hours. I concede that that may have enhanced choice, but I do not think it has improved access to urgent care because many people are making routine appointments for those extra hours. It is important to consider what urgent care actually is, and it is worth posing a couple of fundamental questions. How does the patient know whether their symptoms are the sign of something serious—whether they can wait to have them checked out, or if they should be making a fuss about being seen? It is clear that different patients respond in different ways. Most GPs will have their regular complainers, but in the days when GPs knew their patients—I hate to say "the good old days", because I am not sure they were good in all respects—the GP was often able to make a value judgment. They could say, "I saw Mrs. X only last week. I know her quite well, and I think reassurance will go a long way in this case." In the hands of a doctor who does not understand Mrs. X, however, more resources might be used because they do not know the background and personality of the patient and they will therefore treat them on a more precautionary basis.

I suspect that most Members present will have been out with an on-duty ambulance crew. From witnessing them calling on people, it is obvious that there is a wide range of differing attitudes as to the circumstances in which it is appropriate to call the ambulance service out. One of my first pieces of casework when elected as an MP related to an ambulance that did not arrive to a call from a rural setting, and I was horrified to find out that ambulance crews were often having to deal with very trivial cases. Although the ambulance service does a wonderful job, it does not need to do much of what it does. Every time somebody with a trivial complaint calls out an ambulance, they are potentially endangering the life of somebody else. That risk is not communicated often enough.

The first point of call for people who are ill is usually the surgery. Even if it is closed, they often think of calling their GP, and, in many cases, the call is diverted to the appropriate out-of-hours service. That is what one would expect, but the recent Healthcare Commission report showed that in a significant number of cases—I cannot recall the statistic off the top of my head—the relevant information was not communicated. That resulted in the patient either having to dial somewhere else or thinking that they did not want to speak to a doctor who they did not know and wondering whether they had any other options. Some people will look at various websites for advice, whereas others will go to their nearest pharmacy. Accessing NHS Direct, either on the web or by phone, is a popular choice. Other people will choose to use a walk-in centre or out-of-hours care, or they may call an ambulance because they do not know what to do and are worried.

I welcome the move towards having a single contact number, but I make a plea that during the consultation we examine what has happened when the police and other bodies have introduced such a number. Often, what has happened is that all the other numbers have gradually been withdrawn and people have not then been able to choose to ring the department that they want directly; they have always then had to go through a central switchboard, and often they have not been able to ring their local provider and speak to the person whom they know. To be fair to the police, locally they have got much more sophisticated about this and have found other ways of getting around the system. People who know whom they wish to ring find it frustrating to have to go through a bureaucratic telephone triage service—to go somewhere else. By all means, let us have a single point of contact, but if someone knows whom they want to contact, it should be easy for them to do so—there should be no barrier. So, there are pluses and minuses to the proposal.

I wish to discuss the strain on ambulance services. As a result of inappropriate calls, the London ambulance service, among others, introduced a clinical telephone advice team to advise callers who had less serious conditions—the team made a point of ringing such people back. During 2007-08, the London team handled more than 58,000 calls, and analysis showed that, over the year, that freed-up the equivalent of 35,383 ambulances for patients who needed them more. Not every ambulance trust has that sort of system in place, despite facing similar pressures, so it may be worth considering whether that is best practice. Although different areas rightly provide different solutions, it is also worth examining things that work well elsewhere.

This might be an appropriate time briefly to mention ambulance response times. The most commonly known target is to reach 75 per cent. of category A life-threatening situations within eight minutes of the call. I have never been able to establish why eight minutes was decided as the crucial figure or why 75 per cent. is acceptable—perhaps the Secretary of State could enlighten me—but there are added pressures this year. In previous years, some ambulance trusts have been accused, rightly or wrongly, of manipulating the time when the clock started in order to improve their results. Now, so that there is no dispute, the clock starts ticking as soon as the call connects and there is thus a level playing field.

Mr. Burns: If the hon. Lady is correct in saying that the clock starts when the call commences—presumably we are talking about the call from the member of the public to the ambulance service—how can there be a level playing field, given that some people may take three minutes to explain the problem about which they are ringing whereas others may take just half a minute?

Sandra Gidley: I do not think that the people who take three minutes are predominantly to be found in Chelmsford and the people who take half a minute are predominantly to be found in another area of the country; the variation will be found across the country. I do not really understand the point that the hon. Gentleman is making; I think it is a rather trivial one.

Mr. Burns: No, it is not a trivial point at all—

Madam Deputy Speaker: Order. Would the hon. Lady like to give way?

Sandra Gidley: No, I will continue with the point that I was intending to raise. Just before Christmas, the pressures to which allusion has been made—I will not repeat them—meant that the London ambulance service had its busiest week in history; ambulance staff responded to 20,939 emergency incidents across the capital in the seven days up to 14 December. That was an increase of 8 per cent. on the average for the previous four weeks. The pressure was intensified by the high percentage of calls that were initially treated as category A situations. There is a growing sense of disquiet in some quarters about that fact that canny members of the public know that if they mention chest pain, an ambulance will be sent very quickly. There is a need for a retrospective review as to whether calls are being categorised correctly. No trust wants to gamble with people's lives, so perhaps this is the way we have to do things, but the system has been in place for some years and it is probably time to change it.

Just after Christmas, particular problems were encountered in Hampshire. The *Southern Daily Echo* cited a story of a pensioner who was left waiting 70 minutes for an ambulance when she suffered a suspected broken leg, having slipped on an icy pavement. The temperature was below zero, the lady was 85 years old and, apparently, it did not require a paramedic to see that her leg was broken because it was at a fairly unnatural angle. The South Central ambulance service was unable to provide a comment at the time of the report.

Only two days later, another serious incident took place. A seriously injured policeman had to be rushed to hospital in a fire engine because no ambulance was available. A special equipment unit was transformed into the makeshift ambulance because the patient needed urgent medical treatment following a crash in Southampton. A paramedic had arrived on the scene, as had a BASICS—British Association for Immediate Care—doctor, but the ambulance response was not forthcoming. There are always times when unusual demand is difficult to cover, but in an emergency a situation such as I have described is of concern.

I wish to discuss BASICS doctors, because they have not been mentioned in this debate and they are an often-forgotten part of the response to major trauma. Dr. Phil Hyde, a constituent of mine, approached me—

Mr. Lansley: This is the same speech as in the Westminster Hall debate.

Sandra Gidley: This could be a debate that we have had in Westminster Hall, but as some hon. Members were not present for that, it is worth repeating things. In addition, some of the points from the Westminster Hall debate were not addressed. If the hon. Gentleman is saying that because we had a debate on Equitable Life, we do not need to discuss it again, that is fine, but I contend that if a subject is important, it is worth discussing on repeated occasions.

Prior to the meeting with my constituent, I had no inkling of the fact that if I were seriously injured in a road accident, my prognosis would be severely affected by whether or not a voluntary doctor was available. Many such doctors work full-time in the NHS, often in disciplines such as anaesthetics and sometimes in emergency care. I had always thought it was like "Casualty"—once a year, usually on the Christmas special, there is a major incident and all the casualty doctors go to the scene of the accident—but, in real life, that is not what happens in most parts of the country. This matter is important because of what is said in the often-overlooked 2007 report by the National Confidential Enquiry into Patient Outcome and Death, entitled "Trauma, Who Cares?". It concluded that the current structure of pre-hospital management is insufficient to meet the needs of severely injured patients. There is a high incidence of failed intubation and of people arriving at hospital with a partially or completely obstructed airway. The report continued:

> "Change is urgently required to provide a system that reliably provides a clear airway with good oxygenation and control of ventilation. This may be through the provision of personnel with the ability to provide anaesthesia and intubation in the prehospital phase, or the use of alternative airway devices."

The report said that ambulance trusts must address that.

The stark reality is that patients who die from severe injuries often do so within the first hour after an accident, and in the UK that time has usually passed before the patient reaches hospital, and that is on the assumption that the ambulance and paramedic response to the scene is normal. If a BASICS doctor arrives, they can stabilise the patient at the scene of the accident and decide the most appropriate destination for that person. It must be borne in mind that, because of centralisation of services and major trauma centres, the destination is not always the nearest hospital. BASICS doctors therefore provide a benefit in terms of the appropriate care.

[Sandra Gidley]

During the Westminster Hall debate, the Minister said that he would shortly have a meeting with the people responsible for producing the report from National Confidential Enquiry into Patient Outcome and Death, and that he would raise some of the issues that were mentioned during the debate. It would be useful if he could update us on that. The BASICS service is voluntary and often funds its own equipment because doctors do not have enough time, after doing their full 48 hours in the NHS, to provide the emergency service and carry out fundraising.

Some parts of the country, such as Sunderland, have focused on trauma injuries and significantly reduced the death rate from major trauma from the national average of 5.8 per cent. to 2.9 per cent., and have introduced new response teams, which seem to be having an effect.

Many parts of the country rely on air ambulances, and it is frustrating that the running costs are often funded by local donations and voluntary contributions. I am a little worried about that. Although in my neck of the woods in Hampshire the air ambulance service is relatively new and is given the current financial pressures well supported at the moment, there is concern that funding for all charities may decline. The South Central Ambulance Service NHS Trust told me that it pays for the clinical response, but not for the helicopter, which is funded by a well organised group. That was a strange response, because it does not say that it will provide paramedics but not fund the costs of ordinary ambulances. I am not sure of the significance of different modes of transport. What consideration has the Minister given to charitable funding of air ambulances, and does he believe that that is sustainable in the long term?

Last year, the Healthcare Commission's report, "Not just a matter of time", reviewed urgent and emergency care. It concluded that most sectors performed well against national standards for access to services, but it found that performance was more varied in services that receive less national attention. That is no great surprise, and Members of Parliament are always highlighting those services. The overall stats show that the response to category A calls was generally good. That is where the main focus falls, and there is not a lot of room for argument, but one should note that those results are given by trust. I made a freedom of information request to find out the response times on a ward-by-ward basis in my constituency. Lo and behold, those parts of my constituency in Southampton received an 80 or 85 per cent. response, which is excellent for people who live in the big city, but in some of my more rural wards an ambulance had never reached an emergency within eight minutes. That is not something to shout about, because it is inequitable—indeed, it is the reverse of the inequality usually seen in the health service, because those who are suffering are not those who live in urban areas, but who perhaps live in more affluent areas. Does the Minister have any plans to refine the targets so that it is realistic to expect an ambulance to reach people within eight minutes, wherever they live, not just in the large urban conurbations?

Mrs. Nadine Dorries (Mid-Bedfordshire) (Con): Would the hon. Lady be satisfied with an assurance that an ambulance would try to get to those who need it? It could be trying for hours. Is that the sort of reassurance that she is looking for?

Sandra Gidley: Perhaps my choice of words was unfortunate, but at the moment the response times are based on large geographical areas, so if a 75 per cent. rating is achieved throughout a trust area, the target is reached, but there is no subdivision that provides that targets must be reached in all areas. It is clear that some areas do not receive the service that they should, and I suggest that the hon. Lady makes a freedom of information request to her ambulance trust. I had always suspected that my rural areas received a less than good service, but the results are much worse than I had anticipated, and almost a whole borough council area was missing the target. Surely there is something wrong with such a response time.

Mr. Burns: May I try again on the targets? Despite the look on the hon. Lady's face, I think that she misunderstood my point. She suggested that the eight minutes starts at the moment the call is taken, but if someone is agitated, they may take three minutes to explain why they need an ambulance, and someone who is less agitated or more articulate may take 30 seconds. Surely a target of eight minutes is unfair if the starting time for monitoring purposes is the moment that the call starts. That is all I was trying to say.

Sandra Gidley: The level playing field to which I referred was between trusts. There has been significant variation in the way in which response times were monitored. For example, some started the clock when a call first came into the centre, others started it when the call was answered, and so on. I understand the hon. Gentleman's point, but if trusts are given flexibility to make a value decision on how to obtain the correct information, that is open to manipulation. All the evidence that I have seen shows that trusts consider every step of the pathway to try to make their figures look better and to hit the target. I do not blame them, because if they achieve their target, they are not subject to greater scrutiny, but there is not a quick, easy and simple way of taking that measurement out of the system and retaining equity in the way in which response times are compared with other trusts. I sympathise with the hon. Gentleman's point, but there is no quick and easy answer.

Mr. Burns *rose*—

Sandra Gidley: If the hon. Gentleman does have a quick and easy answer, it is probably not appropriate for an intervention. He might want to stand up and make some comments later, but I feel that I should finish my speech so that other hon. Members can speak.

The response to category A calls is good, but there is much more variation between the targets and the responses in the case of other urgent calls. The Healthcare Commission found that in some areas fewer than 80 per cent. of ambulances arrive within the target time. On arrival in hospital, there are significant variations in the proportion of patients seen by a doctor or nurse within the first hour after arrival. That figure varied from 40 to 100 per cent. Clearly, there is work to be done.

There is also evidence of poor compliance with guidance on access to medication from out-of-hours GP services. Although that might not be seen as urgent care, if a patient is in pain or something like that, the care is certainly urgent to them. Concerns were also raised that suggested that many people were either unaware of the full range of urgent and emergency care services or were unsure about how and when to use them, which brings us back to the issue of the single contact number. Most importantly, the need to improve the way in which the services work together was highlighted.

Data-sharing is poor and PCT commissioning was highlighted as a concern. A survey produced last week showed that patients rate their care highly but raise concerns about pain control and information given on discharge. That takes us back to the mention of data sharing in the earlier reports. The people who are providing emergency care often do not have sufficient information about the patient. If somebody has been in accident and emergency, or has even been treated in out-of-hours care services, the relevant information is not always relayed back to the GP in as timely a fashion as it could be. Perhaps the Minister could tell us when decisions will be made about information-sharing with regard to the NHS IT project. There is a lot of healthy debate about what level of information can be accessed by whom, but it could be crucial to outcomes in those particular cases.

I want to end by making a comment that many hon. Members start their speeches with: I thank those who do their best to provide an emergency service, whether they are paid workers or volunteers such as community first responders or BASICS doctors. We owe it to all those people to ensure that attention is given to ensuring that people have the best possible outcome in the case of emergencies and that the PCTs ensure that funding streams are adequate. The problem with this area of medicine is that most people are grateful to have received urgent care, and they are often so pleased to be better and to have their problems sorted that they do not take the time to step back and ask whether their outcome could have been improved or whether their quality of life could have been different had a doctor been on the scene. Staff want to do better, but in many cases they are hampered by a lack of attention to best practice and, in some cases, sadly, by a lack of funding.

Several hon. Members *rose—*

Madam Deputy Speaker: Order. I remind all right hon. and hon. Members that Mr. Speaker has imposed a 15-minute time limit on contributions from Back Benchers.

2.13 pm

Joan Ryan (Enfield, North) (Lab): First, let me pay tribute to the hospital in my constituency, Chase Farm hospital. It has been much mentioned in this Chamber over past years and will surely continue to be mentioned in time to come.

I was at the hospital just over two weeks ago on a Saturday afternoon with my four-year-old granddaughter, who had injured her hand. She is recovering. When one is interacting with the NHS at the point of an emergency, it really comes into its own. It is fantastic. Within five minutes of walking into the hospital, my granddaughter was assessed and in less than two hours she was treated. She was then referred to another hospital that had a hand specialist. That is an important point, because when we talk about access to emergency departments and urgent care it is important to remember that accident and emergency departments do not deal with everything. A patient who goes into an accident and emergency department might be referred to another one or might be assessed in the ambulance by the paramedics and taken to a specialist hospital. The idea that there are not specialist hospitals or that accident and emergencies deal with everything all the time is a false assumption.

That little girl saw a hand specialist at 8.30 on a Saturday night. By the Monday morning, she had had a small operation and I am pleased to report that she is recovering well. I think that that is a model story and I do not think that it is an unusual one. I base my opinion not just on that story but on the way in which Chase Farm hospital has responded to the pressures of winter and those over the Christmas period. The staff have worked very hard. Morale is sometimes low, because of the proposals to do with the hospital, but the staff have responded magnificently in recent times to the pressures that they are under and I pay tribute to them.

Bob Spink (Castle Point) (Ind): Will the right hon. Lady give way?

Joan Ryan: I will not, because I have only 15 minutes. I am sorry that I cannot give way, but time is pressing.

I want to go back a little to the remark made by the hon. Member for South Cambridgeshire (Mr. Lansley) that we should stick in this century. I would like to point out that we are only nine years into this century, which is not a lot. The idea that history has no impact on the present or future is clearly nonsense.

In 1997, when I was elected MP for Enfield, North, through the doors of my advice surgery came many people, often elderly people, who had waited in pain, for almost two years for a hip replacement. That pain not only made the quality of their lives appalling but, even after the operation, undermined their health. Lots of people came to my surgery who had waited considerable amounts of time for cataract removal. The wait significantly affected their ability to engage in life and to be independent. I no longer have anybody coming through my surgery doors with those problems. That is not to say that nobody comes through the door with issues about the NHS, but they do not come to see me with those problems. The 18-week wait is a significant gain for the people who depend on the NHS.

All those factors affect urgent and emergency care. If people are dealt with early in the onset of any illness or disease, they are much more likely to make a good recovery and much less likely to present at an emergency department at some point in the future. The same is true if there is good, accessible, available primary care, as people are then much less likely to need to present at an accident and emergency department or to need urgent care.

In Enfield, we very much need the primary care strategy that our primary care trust is planning. I worry that the Conservative policy of deriding and undermining confidence in the notion of polyclinics will damage the ability to put in place a good primary care strategy. Let me give an example of what that strategy means to us in

[Joan Ryan]

Enfield. We know now that we are getting a health centre in the Enfield Lock area. Professor Sir George Alberti came to Enfield, and he said, "You need an improvement in access to primary care in the north-east of your constituency." That is now happening. The plan is that we are to have a big health centre with an independent living facility attached to a community school. It will provide a first-class service to the people of Enfield Lock, Enfield Highway and north-east Enfield. That will reduce the number of people who have to leave the area and go to accident and emergency centres with problems that local GPs or walk-in centres can deal with. The health centre will mean that people have much more access to local primary care.

The primary care strategy will have another impact in Enfield, North. Although it will not be built in the next two or three years, a polyclinic is planned for the town centre. Many GPs practise in that area, so it is nonsense to say that people will have to travel vast distances to get to their doctor if a polyclinic is set up. It is a densely populated, town-centre area, so there is no need to fear that. The polyclinic will have longer opening hours, and people will have much greater access to a greater range of specialist GPs. Moreover, the centre's technological diagnostic resources will mean that people will not have to wait for a hospital appointment to get the same service.

The primary care strategy for Enfield, North means that there will be a polyclinic in the town centre and a health centre in north-east Enfield. Add to that the fact that people will have access to the Forest road health centre just over the border in Edmonton and to the walk-in centre at the North Middlesex hospital, and it is clear that the strategy will be a huge improvement.

The result will be that people will have access to their local health centre and then, if they need it, they will be able to go to the much larger health centre set-up that is sometimes known as a polyclinic. Beyond that, they will have the walk-in centres, local accident and emergency facilities, and the trauma centre provided by the North Middlesex hospital. At local level, the primary care strategy will really serve the needs of people living in Enfield. I worry that some of the propaganda pumped out by the Opposition encourages people to fear any kind of change at all. It undermines their confidence in the excellent service provided by the NHS, and in what is very necessary change to primary care provision.

I want to say a few words about Chase Farm hospital. I am pleased to have the opportunity to do so as I have spoken about it many times, both in this Chamber and in Westminster Hall. Indeed, the hon. Member for Enfield, Southgate (Mr. Burrowes) had an Adjournment debate on the issue only last week. I attended and intervened, and my hon. Friend the Minister is well aware of my views.

I do not oppose change, but it is important that local people are listened to and, without exception, the people and elected representatives in my constituency do not support the proposed changes at Chase Farm hospital. However, that needs to be put in context, and to that end the past is important once again. For the first time in 20 years, the people in my area can be confident that a hospital will be maintained on the Chase Farm site. We have managed to achieve some real gains, including ensuring a secure future for the hospital, and I advise anyone who doubts that—including Opposition Members—to compare local Conservative literature with the hospital trust's original proposals. One of those proposals was to close the hospital altogether, so it is clear that our success in saving it is a real achievement.

The second gain is that there will be an expansion in planned surgery at Chase Farm hospital. That protects the heart of the hospital—its wards and operating theatres—and so is very important to people in Enfield, especially those elderly people who are much more likely to need orthopaedic and other operations. It is very important that they be able to go into hospital locally.

We have also gained some local accident and emergency services. The original proposals put forward what might be called a "hot-cold" model, under which Chase Farm would provide only elective—that is, planned—surgery and nothing else. We have managed to get rid of that proposal, which is a gain in itself. In addition, and with the support of the Minister, we have also managed to achieve agreement about having a midwife-led birthing unit, so that Enfield babies can continue to be born at Chase Farm.

I am not in favour of any reduction of service at Chase Farm hospital, but it is important to understand the context. I shall continue to campaign and do everything that I can to maintain the present level of service.

The motion refers to a report from the College of Emergency Medicine, but the interpretation offered by the hon. Member for South Cambridgeshire was inaccurate. In an intervention, he spoke about distances, but in that respect the report does not help the argument about Chase Farm hospital. I have asked the Minister to look at the matter again, given the significant increases in birth rate and the elderly population. The report notes:

> "There is no single solution to the reorganisation of emergency care. In urban areas where"

emergency departments

> "are close together (less than 10 km apart) there may be advantages to amalgamating services".

That would not help our argument, as Chase Farm hospital is 9.43 km from North Middlesex hospital, and 10.48 km from Barnet hospital. Therefore, the report does not make the across-the-board point that the hon. Gentleman imagines. It might be more applicable in rural areas, but I do not know, as I do not represent a rural area. It certainly has very little application in my area.

The report says that each case must be taken on its merits. I agree: I have presented the case for Chase Farm hospital and will continue to do so, but I will not accept that the NHS is almost no better than it was in 1997, as it has improved significantly. There has been a huge step change, and it is time that people gave that more credit, rather than always talking the service down and looking for the negative.

2.28 pm

Mr. Simon Burns (West Chelmsford) (Con): I am delighted that we have the opportunity today to debate emergency and urgent care in the NHS. I fully support the motion tabled by my right hon. Friend the Leader of the Opposition and our Front-Bench team, but—perhaps unusually—I can also support the beginning of the Government's amendment.

Like my hon. Friend the Member for South Cambridgeshire (Mr. Lansley)—to be fair, I must add that the Secretary of State expressed the same sentiments in his opening remarks—I fully support and admire the people who work in the NHS. Without all the doctors, nurses, consultants and ancillary workers—who too often are not mentioned—we would not have a national health service. They are there, day in and day out, often without much praise or notice, delivering health care to our constituents and to ourselves.

In my brief comments I shall discuss accident and emergency services, which all too often work under tremendous stress and strain. For many members of the population, that is the first point of contact with the local hospital. The problems that A and E services face have been exacerbated—certainly in my area, mid-Essex—by the dramatic increase in the number of people turning up or being admitted to A and E as a result of drug or alcohol-related abuse. That is a growing problem.

The Minister of State, Department of Health, the hon. Member for Exeter (Mr. Bradshaw), who is on the Front Bench now, answered a written question from me yesterday. His reply showed that in 2002-03 there were just over 2,500 admissions to Broomfield hospital in Chelmsford as a result of drug or alcohol-related problems. By 2005-06 that had increased to just over 4,000 episodes. Fortunately, the next year, 2006-07—the last year for which figures are available—the level had marginally dropped to just under 4,000, but the figures show the dramatic increase in that problem, arising from the increased incidence of binge drinking and irresponsible drinking and behaviour in our town centres. The problem is spreading to our rural areas as a result of abuse, a misunderstanding of the dangers of alcohol consumption, and the failure to adopt a responsible and mature attitude towards it.

The knock-on effect is the strain that that puts on A and E staff, not only because of the medical problems emanating from the abuse that brings people to A and E, but sadly, because of the behaviour of some of the patients resulting from the state of mind that they are in. If someone has been brought into A and E by friends who have been out with them, the friends, too, may be suffering the effects of alcohol abuse, which exacerbates the problem and the way in which they interrelate with staff. The patience and the behaviour of such people are not as they would be if they were sober. That is unacceptable and needs to be addressed more strenuously than it is at present, although I accept that most hospitals are adopting zero tolerance of bad and antisocial behaviour.

A similar problem, although it does not arise directly from alcohol abuse, is violent and aggressive behaviour towards staff. It is incredible that people whose entire raison d'être and work is to relieve pain, remedy sickness and reduce the suffering that results from illness should be verbally or physically abused for their pains. It is a sad reflection of the society in which we live.

Mr. Lansley: My hon. Friend raises an important point. He will know, as I do from spending Friday and Saturday evenings with accident and emergency department staff, how difficult that can be for them. Things should not be that way. Will he join me in commending the action taken by, for example, the Queen's medical centre in Nottingham? Instead of sitting in the accident and emergency department waiting for cases to be brought to them, often causing considerable trouble in the department for other people attending and needing care, A and E staff go out and set up field hospitals in the centre of Nottingham, to take care to the place where trouble is predicted. That does not mean that they want trouble, but it shows that they are thinking proactively about how to manage care more effectively. There is the additional benefit that large numbers of ambulances are not tied up in the course of an evening.

Mr. Burns: I am extremely grateful to my hon. Friend for an important and interesting example of a proactive service. The NHS in other parts of the country should look at the experience in Nottingham to see whether they could learn and benefit from setting up a proactive service themselves. I strongly believe that there is a positive future role for A and E departments throughout the country to learn from that experience and seek to replicate it. As with preventive medicine, it is important for the health service to be proactive. In the longer term that pays handsome dividends.

Mr. Nicholas Soames (Mid-Sussex) (Con): Will my hon. Friend confirm that the increased work load comes on top of substantial increases in the work load caused by respiratory infections in elderly people, flu and the norovirus, which have placed an immense added responsibility on accident and emergency departments? By and large they have coped magnificently.

Mr. Burns: My hon. Friend is right. He highlights another problem that has developed in the health service. It was always assumed that the pressure points of increased activity occurred in the winter months when it was coldest or iciest. In the past few years we have seen that those pressure points in the NHS are no longer restricted to the traditional winter months when the weather is particularly bad. In my local hospital, Broomfield, the pressure was worse in June last year than it had been in the worst winter month. The health service has had to adapt to changing circumstances, and the old accepted problems of winter pressures are being extended, for other reasons, to other months, putting extra pressure on resources and staff.

There is a further issue facing accident and emergency services which it might not be tactful to discuss. The NHS must be tough and not only accept that there is a problem, but be brave enough to try to do something about it. Sadly, part of the population go to accident and emergency for treatment as a first resort, when their complaint is in no way related to an accident or emergency. A and E should not be their first port of call. They should use NHS Direct or contact their GP or, in some cases, their pharmacist. If people misdiagnose themselves and misdirect themselves to A and E for treatment, that puts excessive demands on the health service and on other patients waiting for A and E treatment, who may have far more serious complaints or conditions that warrant their being there in the first place. More must be done to educate people and to explain why they should not trot along to A and E simply because it is more convenient for them.

On the four-hour waiting time limit, four hours may be a relatively short time compared to the length of time that some people had to wait in the past, but it is

[Mr. Burns]

still quite a long time to hang around. For someone who goes to A and E with a medical complaint that is acutely painful, even if it is not as medically serious as the pain that the individual is suffering, four hours can seem a very long time. My A and E at Broomfield reflects the situation nationally. We have seen a significant increase in the number of people attending A and E in recent years. In the year up to December 2007 there were 5,469 attendances at A and E. The next year, ending December 2008, the figure was up to 5,783. The target that 98 per cent. of people should wait less than four hours is being met in my A and E department. The latest figures for 2007-08 show that it achieved 98.3 per cent. I accept that that is of little comfort to the 1.7 per cent. who are not included in those figures.

Mr. Lansley: I am sorry to interrupt my hon. Friend, who is making an important point, but it might be of interest to him and to the House to know that the NHS information centre this morning published an analysis of the data from hospital episode statistics, which shows that 4.1 per cent. of people who attended A and E departments had a recorded time for arrival but no recorded time for departure. That is the equivalent of more than half a million patients a year who appear simply to drop out of the statistics. That is quite separate from the point about 98 per cent.

Mr. Burns: Very much so. It would be interesting to hear what the Minister has to say about that. There is another discrepancy, in that the figure that I have given for my local hospital for the meeting of the four-hour target, except for those 1.7 per cent., looks encouraging because it is slightly above what it should be, but the Healthcare Commission recently published a survey of visitors to A and E at that hospital showing that patients' perception of the service varies radically, and, sadly, it is in the bottom 20 per cent. for patient satisfaction. The trust accepts that it is disappointed by the results and says that it is seeking to improve what it calls the patient experience as a top priority. That is important, because it means that the trust recognises that there is a perception with users that it is not as good as it should be.

Mr. Lansley: My hon. Friend is being generous in giving way. It is important for us to understand exactly what is going on. The Healthcare Commission found that only 73 per cent. of people who attended A and E departments reported that they were seen and treated within four hours. It surmises that a significant number of people are being put into admission units or medical assessment units, and because those are attached to A and E they believe that they are still in A and E, whereas from the hospital's point of view the clock has stopped ticking.

Mr. Burns: Absolutely. I wrote to the Minister only yesterday because I have been sent a series of allegations about what happens in A and E, and I would be grateful if he would look into them.

The point is that we must move forwards. We must ensure that there are improvements so that patients not only receive the best treatment possible, which I have no doubt that they do get at my hospital, but that the waiting time is short and the triage is swift, and that they are dealt with sympathetically and treated as quickly as possible. I welcome the fact that, as a result of the Healthcare Commission survey and the trust itself examining what goes on and what should and must be done to improve the situation, the trust has been prepared to recognise that improvements need to be made and is taking initiatives.

For example, by the end of next month, a major refurbishment of the physical site of the A and E will have been completed—an important and positive step forward. On some days, a GP now works alongside the A and E team to help with patients with minor injuries and ensure that they are referred to the relevant professionals. New shift patterns have been introduced for the nursing staff to seek improvements, and a new triage system has been introduced to identify major and minor patients and ensure that they are treated more quickly within the department. A fourth A and E consultant has been recruited, and a new general manager has been appointed to oversee the work of that department.

I welcome all those initiatives. They are a positive step forward. I have no doubt that we can work together with the sole aim of improving the quality of care and the quality of the experience that patients have at A and E. Most of them are not there for the wrong reasons, but because they are in pain and probably frightened or confused because they do not know what is wrong with them, and need assistance. That is why it is so important that we ensure that we have an A and E service in our local communities that is second to none, and meets the requirements of all of our constituents.

2.44 pm

Dr. Richard Taylor (Wyre Forest) (Ind): By amazingly happy coincidence, the NHS constitution was published this morning, and I want to read to the House two pledges. First:

> "The NHS also commits to inform you about healthcare services available to you, locally and nationally",

and, secondly,

> "to offer you easily accessible information to enable you to participate fully in your own healthcare decisions and to support you in making choices."

In an emergency, that pledge will be fulfilled only if there is a three-digit telephone number that everybody can contact. People know when to ring 999, but, as I have been stating since I secured an Adjournment debate on the subject in 2007, they do not know what to do in an intermediate emergency, when they have so many alternatives to consider.

The Minister, whom I am pleased to see in his place, will remember that in that July 2007 debate I drew attention to an absolute tragedy at home—the death of a little boy aged seven and a half, whose perfectly intelligent, competent parents could not work their way through the system to obtain the right care for their little boy in an area that had lost its A and E department.

In Health questions on 16 December I asked about progress in achieving a single phone number, and the Minister replied that very good progress had been made. He encouraged me to be a little more patient and await the formal announcement, so I am putting him on the spot. When will the formal announcement be made? I was horrified to hear the Secretary of State say that the Government were considering going out to consultation shortly. This is so urgent. I agree that we must get it right and that we must consider the triage system to which it is connected and what happens to the ambulance triage systems and the out-of-hours services that have their own phone numbers. I agree that the matter is complex, but consultation with those bodies should be a matter of absolute urgency and priority and should take only a short time.

Ensuring that the correct telephone numbers are available will help stressed A and E departments because people will be prevented from attending unnecessarily. The phone number must connect people to the relevant information about services available in their health community—A and E, urgent care centres, minor injuries units or out-of-hour services—which is likely to be served by a PCT and the emergency services under that PCT. Services must be networked, and everyone must know what each bit of the service can do.

Mr. Lansley: I entirely agree with the hon. Gentleman and he will no doubt have noticed from what we have said over two and a half years that we very much support exactly this notion, but he has not mentioned NHS Direct. We are clearly in favour of a single national telephone number, which would replace 0845 46 47, but NHS Direct must be franchised into the same system, so that it is not separate from the system that he describes but is an integral part of it.

Dr. Taylor: I am grateful for that intervention; I should have mentioned NHS Direct, which I will get out of the way now. There have been many criticisms of NHS Direct; perhaps I inadvertently forgot to mention it because I have not been very impressed by it. According to reports, it refers on many more cases than it solves.

The next thing that I want to plug, and I have done so before, is an effective, excellent trialled triage system that is ready and waiting to be taken up. The Department of Health initiative, NHS pathways, offers a high-class computer software system for triaging. Work on the initiative has been going on a long time, but announcements on its progress seem to have disappeared. Nearly two years ago, the North East Ambulance Trust conducted a successful trial of the system.

Like most hon. Members, I browse on Google a good bit of the time; googling "NHS pathways" tells me that it has won awards—a FileMaker Cube award in 2008 and the British Telecom e-health insider award as the health care IM & T team of the year for 2008. The chair of the independent panel judging for that latter award said that NHS pathways was "an impressive piece of software" that was already delivering "gains" where it was in use. He added:

> "Getting patients to the right place in these circumstances saves lives and stops precious resources being misdirected."

Given those accolades, NHS pathways must surely be made available across the NHS.

I feel that NHS Direct should be just for information about illnesses and diseases, and should not involve the triage system and access. NHS pathways not only gives a person advice on where to go with their problem but makes the arrangements, but it must be integrated with ambulance services, out-of-hours providers, NHS Direct and other organisations.

The hon. Member for Romsey (Sandra Gidley), who speaks for the Liberal Democrats, mentioned ambulance response times. Most people are aware of category A, which refers to top-priority cases—75 per cent. of which are supposed to be reached within eight minutes. I do not think that the other categories are sufficiently well known. Another tragedy in my area is under investigation at the moment. It appears that an out-of-hours GP did not assign sufficient urgency to a request, so the ambulance was delayed, with desperate results. Ambulance prioritisation categories need to be widely known.

Staff at accident and emergency departments have been praised a lot today, and I fully echo that because I know how hard they work. However, my main concerns are to get those who do not have an A and E department to the right place at the right time, to prevent them from being taken unnecessarily to such departments and to plug the three-digit number and NHS pathways. If those things could be achieved, tragedies such as the one that happened to the little boy in my area would be much less likely. That little boy's parents would really appreciate such a memorial; they might almost feel that some good had come out of their tragedy.

2.54 pm

Mrs. Nadine Dorries (Mid-Bedfordshire) (Con): I come to this debate with a range of experience of accident and emergency units. I was working in the A and E unit of Royal Liverpool university hospital on the night of the Toxteth riots; we admitted just over 350 people that night. I therefore have experience of acute care at its most acute. I have also worked in a minor injuries unit in the same region. The unit was a new development in the area and it came about as a reconfiguration. However, it was not led by government or driven from Whitehall—it was designed locally by the local hospital trust and local people.

The minor injuries unit worked well. Everybody in the area knew what they should go to the unit for and what they should go to the accident and emergency department for. The unit dealt only with minor injuries; we sutured, X-rayed and set basic fractures. The local community knew that, because the unit had been established following local consultation, including GP-patient groups. What was designed and established was what the local community needed, so the community blended well into that provision and used it well.

The Secretary of State said that one of the prerequisites that Darzi had mentioned was that services should be "locally led", but he endorsed what the Government are doing by using the words of the national clinical director of emergency care, who did not mention consultation or interaction with local communities, patient groups or GP-patient groups. It feels as though the reconfiguration is being driven by Whitehall rather than by patients, users, doctors or nurses.

Would the same overall blanket approach work with polyclinics? That approach is being taken with them and although I do not disapprove of polyclinics in principle, I believe that local communities have local needs and that polyclinics would work in some areas but would not work at all in others.

Some of our patients in the Royal Liverpool university hospital on the night of the Toxteth riots came through our doors in shopping trolleys. I will not forget the

[Mrs. Nadine Dorries]

scene of almost carnage outside the A and E doors as I left after a 12-and-a-half-hour night shift; I do not think that the working time directive would have worked very well in that instance. I do not even know from where we drafted some of the people who worked on the unit that night; we dragged members of staff from all the wards.

The one thing that I know about working on A and E is how the relationships, expertise, knowledge, and trust and respect for colleagues build up over time. Such departments are unlike any other in a hospital, perhaps because they get the blue-light jobs and the cases that they deal with are frequently matters of life and death, or perhaps the explanation is the high level of expertise deployed and the high level of training needed by both the nurses and doctors. The departments that interact with A and E—physiotherapy, radiography—all link in as well. There is a high level of skill in A and E departments, and it builds up not only through training but through the other staff.

I am concerned that we are losing those skills because of some of the targets, because of the reconfiguration that is taking place and because of the loss of morale and disenchantment among some staff. Last week, I spoke to two nurses who are now working in GP practice having worked at Bedford hospital and at Luton and Dunstable hospital. Both had left A and E as a result of centrally imposed targets. One of them said that she decided that the time to leave was when she put the phone down after she had been told that she absolutely must admit a patient from an ambulance that had been parked outside with a patient inside for some time in order not to contravene the target once the patient came in through the doors. If she had acceded to that call and admitted the patient, she would have seriously comprised the quality of care that was being provided in the unit, given the short number of staff she had on duty on that day. She was left with the option of transferring staff quickly out of the A and E department into inappropriate wards that also did not have the correct number of staff with the correct training, skills or ability to look after the patients who were in A and E at that moment.

The nurse was dealing with a road traffic accident, or RTA. In my day, almost everyone involved in an RTA ended up in hospital, but because of the safety requirements for most cars today only the very serious cases end up there. If somebody does require serious treatment they are usually very ill, and if there is not a trauma unit nearby they will end up in A and E. The nurse had some very seriously injured patients in her A and E department as the result of an RTA, and while she was trying to care for her patients she was being harassed to take in other patients to meet a target. That was the day when she decided to walk, and we lost an absolutely superb, well trained nurse manager from an A and E department who had worked there for 12 years and built up an incredible level of expertise. The nurse from Luton and Dunstable hospital had done exactly the same thing. The figures show that we are losing nurses from A and E departments all over the country because of the targets that are being imposed.

No mention has been made of the patients who have to loiter outside A and E departments in ambulances or how that impacts on ambulance crews. The hon. Member for Romsey (Sandra Gidley) talked about the waiting times from when the call is received to the ambulance getting to the patient, which are longer in rural areas. It is increasingly difficult to get ambulances to respond in the time that we need when they are still parked outside A and E doors because their patients cannot get through the doors because they might contravene a target that has been imposed on A and E staff. If the Government were going to start configuring A and E services, they should have looked at some of the existing fundamental problems before they started to look at how they farm out the entire service.

Minor injuries units, like polyclinics, can work well where there is a community need, but that need will not always be there. In fact, polyclinics can absorb much of what minor injuries units do. A minor injuries unit would probably be needed in an urban area with a high population density that is located a fair way away from a major hospital. Those are probably also the areas that would be better suited to a polyclinic, so it could be possible to deal with minor injuries at a polyclinic and combine the two things.

The Royal College of Nursing agrees that the four-hour target is compromising the patient care being delivered in hospitals. That does not only apply to situations such as the major RTA that I mentioned. For example, instead of a patient who is in need of surgery, there may be a stroke patient who needs monitoring. Let me cite an example from my constituency. A patient who was 14 days post-delivery presented at her GP surgery with a hot calf, pains in the leg and breathlessness. She obviously had a pulmonary embolism and was sent to the A and E department. She was farmed out from that A and E department to the paediatric ward, but the right dosage of Heparin, which she needed to be given fairly quickly, was not available. The nurse therefore had to go back to the A and E department to get the correct dosage of Heparin and take it back to the patient. As a PE is a fairly serious condition, it would have been far better if she had stayed in the A and E department, been treated and monitored, and then taken to an appropriate ward when a bed was available so that she could be nursed properly, but unfortunately that did not happen.

Like the right hon. Member for Enfield, North (Joan Ryan), who mentioned her granddaughter, I have experience of using A and E units not as a patient. Sadly, my own brother died in a unit where I was working at the age of 26, following a road traffic accident. He stood a chance when he arrived though our doors because he had been treated by a paramedic at the scene of the accident. Two dual-man ambulance teams arrived at the scene of his accident, and he was still alive when he arrived with us. One of the Government's proposals is to split the dual-man teams and revert to solo response teams. I am concerned about that. When a solo response team attends a serious accident, several things need to be done. Following a road traffic accident or a serious trauma, a patient will go into peripheral shutdown and will need to have a line put up pretty quickly. That is very difficult to do if there is not the correct level of assistance. It is hard to introduce a line in order to put in the intravenous drugs—the adrenaline and other things that will be needed to keep that patient stable until they get to an A and E department. One person cannot maintain a clear airway, administer drugs, deal with peripheral shutdown and insert a line if they are on their own or do not have the right level of expertise with them. It is not just about the clinical needs at the scene of the accident—they may have chaos around them, agitated and upset people, or more than one person requiring their help. If this move towards solo response teams becomes popular, patient care at the site of an accident will be compromised. I do not think for a moment that my brother would have got through the doors of the A and E if he had been treated by a solo response team.

The Minister has claimed that the solo response team does not present a risk to patients and frees up resources for other calls. He said:

> "Fast-response vehicles can often get to the scene faster than traditional ambulances."—[*Official Report*, 17 December 2007; Vol. 469, c. 1195W.]

I am sure that they can, but I do not see why there cannot still be a dual-man team in the solo response vehicles. Why cannot there be two paramedics? Is the Minister referring to the fact that ambulances are larger or that they go more slowly? I am not sure why he is saying that solo response vehicles will get to the scene more quickly. *[Interruption.]* The Minister is indicating to me that a motorbike would be used. That is fine, but how would one man and a motorbike deal with peripheral shutdown? How would he maintain a clear airway at the same time? How would he administer drugs? How would he deal with the agitated and upset people at the scene? How would he deal with other people who may be injured at the scene? How could one person do all that? It is difficult enough for a dual-man team who are very pressurised and under a great deal of stress when they attend these scenes. How does one man on a motorbike deal with that scenario? I hope that the Minister will elaborate on that, because it causes me more concern than any of the other proposals. I understand the need to free up resources, and perhaps he wants to have more ambulances so that we can speed up response times, but I ask him to look at the four-hour target first.

Mr. Lansley: There is a related issue. In a road traffic accident, the ambulance service will obviously aim to dispatch an ambulance that is capable of transporting a patient, and there would therefore be two staff present. However, the question that often arises is whether that team includes a paramedic who is capable of intubating a patient at the scene of the accident. It was interesting to note that the national confidential inquiry found that 41 per cent. of patients who were treated by a helicopter-based system were intubated at the scene before being taken to hospital, while the figure for patients treated by road ambulance teams was only 7 per cent.

Mrs. Dorries: That is a really interesting statistic. Intubation has a huge impact on a patient's ability to get to an A and E or trauma unit to receive the second level of care that they need. My hon. Friend makes a fascinating point. I would say that it would be almost impossible for that figure not to be even lower than 7 per cent. under the solo response proposal. I am sorry to do this to the Minister, but I must quote his words again, because it is quite frightening that he believes that a solo response system

> "does not present a risk to patients".

I believe that those teams would present a considerable risk to patients, not because of anything to do with the commitment or ability of the one paramedic on the motorbike, but simply because that one paramedic does not have four arms. He does not have the ability to deal with whatever he might find at the scene of an accident on his own. It is a frightening scenario—

Madam Deputy Speaker: Order. I am afraid that the hon. Lady's time is up. I apologise—there was a mistake on the clock. It looked as though she had an extra two minutes, but in fact it was only one. I do apologise.

3.11 pm

Mr. Edward Timpson (Crewe and Nantwich) (Con): May I add my praise and admiration for the dedication, professionalism and sheer hard graft of all those in the emergency services, who do so much to help so many of us? In particular, I should like to praise my local hospital, Leighton hospital, and to thank my hon. Friend the Member for South Cambridgeshire (Mr. Lansley) for mentioning the great work that it does. Its staff often work in difficult, traumatic and treacherous circumstances, and they deserve the highest praise that we can give them.

The Secretary of State mentioned the capacity of our A and E units to cope with the demand, particularly over the Christmas and new year period. He talked about shutdowns, during the 1980s and 1990s, in A and E departments that could not cope with the demand, and said that that was a thing of the past. Sadly, however, Leighton hospital had to close for six hours over Christmas because it could not cope with the demand coming through its doors, despite the long hours and hard work put in by the staff. We have to recognise the fact that that problem is still out there, and work even harder to ensure that we have the capacity to cope with such demand at any time of the year, including the Christmas period.

In this important debate, I particularly want to highlight the often unrecognised, unsung work of our community first responders. We must remember that they are volunteers who give up their own time and money to care for people in our local communities, who rely on them not only to respond to tragic accidents but to save lives. They perform a vital, life-saving service in Crewe and Nantwich, and that is recognised by, and embedded in, the local community. I have had the privilege of meeting a number of community first responders, not only in my own constituency but across Cheshire. It is clear that they are extremely highly regarded, not only by local residents but by the local councils, by the control centre staff with whom they deal directly, and by the paramedics on the ground, who appreciate the great work that they do. Unless we have full paramedic coverage and a blanket of defibrillators across an entire area, community first responders will have a role to play in ensuring that they are available to support their local community wherever their care and professional ability are needed.

Community first responders are a key component in relation to the response times to emergency calls. Unfortunately, the response times in Cheshire have historically been unsatisfactory. Indeed, last year, the North West Ambulance Service fell almost 20 per cent. below its target for reaching calls to life-threatening cases within eight minutes. As many Members will know, the sooner a response can be made, the better chance there is of survival for that patient. Every second is critical when a life is under threat.

[Mr. Edward Timpson]

Other Members have highlighted the fact that local ambulance trusts are able to hide behind their regional statistics on response times. Those statistics often mask great deficiencies in the local response times throughout the area. We have already heard about one area of the country in which the local ambulance trust has failed to respond to all category A calls with the target eight-minute period. Indeed, that also applies in the Audlem area in my own constituency, where 100 per cent. of the category A calls were not reached within eight minutes.

That serves only to re-emphasise the importance of the role that the community first responders play in our local communities. I am delighted that, after the three meetings that I have had with the chief executive of the North West Ambulance Service, he and the local primary care trust—and my hon. Friend the Member for Eddisbury (Mr. O'Brien), who sits on our Front-Bench shadow team—have managed to put together a working group to look at local response times and to encourage the ambulance service and the community first responders to work together, to ensure that whenever there are professional, qualified community first responders available, they are called on, so that everyone in the local community has the best chance of getting a response as soon as possible.

Mr. Stephen O'Brien (Eddisbury) (Con): My hon. Friend is to be congratulated on the tremendous vigour with which he has fought the campaign to get some sense into the restoration of a good community first responders service, not only in his own constituency, since fighting the by-election there, but in the neighbouring area, which includes my constituency, and the more rural areas of Audlem and Buerton. I hope that he agrees that there would be no need for community first responders if the performance of the North West Ambulance Service were at least up to target, either in the more urban environments in his own constituency, or in the remoter rural parts of mine. The service's targets have been missed by a large margin, and, with the restraint put on the community first responders, we now face a major challenge in getting our constituents to Leighton hospital so that their needs can be met. I am grateful to my hon. Friend for his efforts, but I wonder whether he agrees that the community first responders are effectively filling a major gap that has arisen due to the inadequacy of the North West Ambulance Service? The service has repeatedly been challenged on this matter, and we have reached the point at which we demand answers.

Mr. Timpson: I am grateful to my hon. Friend, who has got to the nub of the issue. One of the community first responders in Nantwich has told me directly, "I wish I didn't even have to be here." He said that he had to fill in the gaps, as my hon. Friend says, to ensure that there was a proper service that met the needs of the local people of Nantwich. Although he enjoys his job and gets great satisfaction out of it, he would prefer not to have to do it. If there were a 24-hour paramedic service on the doorstep of everyone who lives locally, he would certainly not have to.

A process is taking place that the North West Ambulance Service calls a "standardising" of the service. It is essentially downgrading the role that community first responders play in the local community. It is taking away the life-saving drugs that they administer at the scene of an accident or in a case of trauma, and reducing their responses to certain calls such as those involving children. Perhaps most concerning of all, it is taking away their ability to use a blue light as part of their response. The original intention behind community first responders was, to quote a report by the Healthcare Commission on the Staffordshire ambulance service,

> "to provide a prompt emergency services for communities that ambulances could not reach so quickly, and to improve the outcomes for patients where the speed of the first intervention can be critical, especially those with chest pain or having a cardiac arrest."

The removal of the blue light has disabled community first responders from ensuring that they can get to the scenes of category A and other calls as soon as possible. As a result, the number of calls to community first responders in the Nantwich area has been reduced from about 80 a month to just one or two a week.

Sadly, the removal of those responsibilities of community first responders last May came at a time when a young father in my constituency needed their help. In a tragic incident, the ambulance was unable to reach him within the specified eight-minute period. The community first responder was not called, because of the downgrading of the service, and the young father died. The justification for the standardising of the North West Ambulance Service was the Healthcare Commission report that I have just cited, but of course the role of community first responders is different for each trust. In Nantwich, the responder is someone who not only has many years' experience in the role but is qualified at the highest standard to drive with a blue light. It seems bizarre in many respects to take away the opportunity for him to respond as quickly as possible, given that he has both the training and professionalism to do so. He has done so for four years with no incident. Restricting the capabilities of the community first responders potentially puts lives at risk.

The Secretary of State said earlier that he wanted change for the benefit of patients. We certainly want such change, but we have not seen evidence that the changes to the responsibilities of the community first responders are an example of that. The depth of feeling about their role is palpable in my constituency, as I am sure it is in constituencies across the country. The situation has led not only to a petition of more than 10,000 local names being signed and delivered to Downing street but to the first march through the streets of Nantwich for a considerable time. Having spoken to some more expert local historians than I am, I understand that it is the first since the civil war. That is how strong the local feeling is. The community first responders are held in very high regard and provide a valuable service. The sooner a highly qualified community first responder can be on the scene, the greater the chance of a successful outcome.

We have been told that the North West Ambulance Service wants to expand the community first responder service, and indeed it has started to make moves in that direction. However, new CFRs are becoming qualified on the basis of just 18 hours of training, without responding to the category A, B and C calls that, as the hon. Member for Wyre Forest (Dr. Taylor) pointed out, need to be recognised as part of their service. That seems an unfortunate way in which to treat people who volunteer their services and have the capacity to ensure that the response times are met. They also offer two other benefits.

First, community first responders are great value for money—they do not ask for anything for their actions; indeed, they plough in their own money to perform the task. Local financing—often given by town councils and other charities—covers their role. They therefore provide a direct benefit to the NHS and the local community. Secondly, they are not only locally accountable but they have immense local knowledge. An ambulance that comes from many miles away may have directions about how to reach the patient, but the driver may not know the patient, and may not know the road intimately or be able to get there as fast as a community first responder. Local knowledge is therefore vital in providing the service.

It is time for ambulance trusts throughout the country, especially in my area, as well as the Government, to listen to the voice of the public about a service that is vital but currently undervalued. The community first responders have shown that they are willing not only to serve but to give to the best of their ability. It is only right that they are allowed to do that.

Madam Deputy Speaker: I now have to announce the result of a Division deferred from a previous day. On the motion relating to Northern Ireland, the Ayes were 276 and the Noes were 184, so the question was agreed to.

[The Division list is published at the end of today's debates.]

3.26 pm

Mike Penning (Hemel Hempstead) (Con): It is a pleasure to respond to the debate on behalf of Her Majesty's Opposition on such an important subject, which affects all our constituents and the whole country.

I pay tribute to all staff in the NHS, whether in the emergency or primary care sectors. They do a wonderful job and we should praise them at every opportunity. I also take the opportunity, following my recent visit with other parliamentarians to Afghanistan, to praise NHS staff serving in the Territorial Army, especially in the emergency centres and triage centres in places such as Camp Bastion, which could not survive without the NHS contribution to our armed services. Their work there is simply fantastic.

We are in a sad predicament. At one stage, when I looked at the Government Benches, I thought I was in an Adjournment debate. Only one Labour Back Bencher made a speech on the NHS. Remember 1997 and "24 hours to save the NHS"? Yet the Government Benches could not be filled for such an important debate. Only one Labour Back Bencher, who is desperate to save her seat, contributed. If she returns, I shall consider her speech shortly.

Let me consider the Secretary of State's opening remarks. I want especially to deal with urgent care. It worried me that the right hon. Gentleman referred to another review, which may happen sometime in future, into urgent care, especially a second emergency number. When looking at my notes, I found it interesting to remember that the Government promised us a framework for urgent care three years ago, in 2006. Six months later, Lord Warner promised a strategy by the end of the year. In the first half of 2007, the right hon. Member for Doncaster, Central (Ms Winterton) promised that we would have an answer about the secondary number. Again in 2007, Lord Darzi mentioned it in his reports. Now, in early 2009, the Secretary of State mentions it again. We do not need it to be mentioned; we need action.

This morning, Ofcom stated in its parliamentary briefing that it would conduct an immediate review—I hope that the Secretary of State is aware of today's announcement—and that it will look into the numbers that are available as well as 999. I will deal later with some of the comments about whether we need a second number or whether everything can be done through using 999.

Ofcom has specifically said that it would be inappropriate to use 888. Most people understand that, especially those who live in London. Anyone in the area covered by the 7 code who had to dial 8 could end up dialling 888 inappropriately. However, Ofcom has suggested that it would be possible to use not only the 116 116 numbers, with the permission of our European friends, but triple numbers from 102 to 119, including 117. Myriad numbers are available should the Government wish to proceed. Ofcom is on board. We have been calling for the change for two and a half years. It is imperative that the public have a simple way of accessing urgent care, not myriad different services all the way through.

We have heard many contributions today, mostly from the Benches behind me, and it is important that we consider some of them. The Liberal Democrat spokesman, the hon. Member for Romsey (Sandra Gidley), talked about 116 numbers, but she was slightly confused when she said that she did not want the public to go through an operator system. That is not what is proposed. Most of the ambulance trusts operate a system similar to what is proposed already. My concern is duplication. We do not have unlimited cash in the NHS. We cannot have the public confused with different numbers; nor can we have the cost of different services by different agencies.

There was also some confusion when the hon. Lady responded to the interventions that my hon. Friend the Member for West Chelmsford (Mr. Burns) made on her. The ambulance service is a complex system and we need to try to understand how it operates. I ask the hon. Lady to go to one of the ambulance trusts and to sit there while staff are doing a triage call, because it is fascinating. The minute a call comes in, staff are dispatched, based on the location of the call. They would much rather turn back an ambulance or downgrade a call than worry that they were not getting people there.

There is a concern about the eight-minute call, which means that staff need to get someone there within eight minutes 75 per cent. of the time. We understand that. What cannot happen, but what is happening—this has followed the amalgamation of the ambulance trusts, although I do not think that it was intentional—is that, because the number of responses getting there in time is grouped, if an ambulance trust has an urban and a rural part, which most do, it can have an attendance rate of almost 100 per cent. in time in the urban part, but almost zero in the rural part. I am sure that that is the point that the hon. Lady was trying to make.

Sandra Gidley: Will the hon. Gentleman give way?

Mike Penning: No, I have to stick to my time; that is the problem with this sort of debate. The point is that the issue of the 116 number could be addressed almost immediately.

I am really disappointed that the right hon. Member for Enfield, North (Joan Ryan) is not in her place. She made a contribution of nearly 15 minutes, in which her position on the future of Chase Farm hospital flip-flopped. In the consultation on Chase Farm she opted for option 1, which is to downgrade the Chase Farm A and E facilities. That was her position then. Her position today is that she is fighting to keep all the facilities at Chase Farm. The right hon. Lady cannot have her cake and eat it. Either she is for her Government, who are willing to close the A and E department at Chase Farm, or she is not. It will be this Government who will close the A and E departments at Chase Farm hospital, at Welwyn Hatfield hospital and, yes, at Hemel Hempstead hospital. That is something that I go on and on about, and I am very proud to do so. The reason why I go on about it so hard—it is also why my hon. Friend the Member for Enfield, Southgate (Mr. Burrowes) is in his place, unlike the right hon. Member for Enfield, North—is that the community does not want to lose the life-saving facilities that they have now.

The Secretary of State was trying desperately to say that we should take no notice of the experts who say that an urgent care centre—or whatever title we want to use—is not a replacement for an A and E department. The right hon. Lady went on about the myths propagated in her constituency; and interestingly enough, she came up with a myth herself. She should have looked at the report that the College of Emergency Medicine published just before Christmas. The College of Emergency Medicine issued a list of myths, and the right hon. Lady managed to hit the first one. "Myth 1," the College of Emergency Medicine says, is that

"60 per cent. of patients attending an A&E department could be seen, to the same clinical standards, at less cost, in other settings"—

[Interruption.]

I understand from my hon. Friend the Member for South Cambridgeshire (Mr. Lansley) that the Secretary of State said the same thing. In fact, the College of Emergency Medicine—I am sure that the Secretary of State would agree that it is an expert—says:

"Between 5 and 10 per cent. of patients attending an Emergency Department…should be treated in primary care".

We accept that. It continues:

"Another 20 per cent. of patients could be treated in primary care"

settings, but that is it. So the absolute maximum percentage of patients attending an A and E who could—not should—be treated is 30 per cent. The myth propagated by the Secretary of State and by the right hon. Lady is that it is 60 per cent. That, frankly, is wrong.

My hon. Friend the Member for West Chelmsford provided a wealth of experience—not only from his time as a shadow Minister, but as a member of the Health Select Committee before my time on it—and showed us just what could be done if we engage with the hospital in the local community. The information that he put forward was absolutely vital. I completely agree with him that many of the problems of emergency departments are to do with alcohol and alcohol abuse, and I agree with him about the assaults and abuse that NHS hospital staff have to take. The Government could do something about that tomorrow—and the Secretary of State should do something about it tomorrow. Why are only one in 1,000 assaults on our brave and professional emergency staff prosecuted? Perhaps the Secretary of State or his ministerial colleague would like to intervene to explain why our staff are assaulted on a daily basis, yet prosecutions do not take place. The right hon. Gentleman said at the start of his speech that he was dedicated to the staff and he praised them, so why are we not protecting them? My hon. Friend raised a very important issue.

Bob Spink: Will the hon. Gentleman give way?

Mike Penning: I said no to the Government side, so I am saying no to this side—*[Interruption.]* Believe me, I meant that I am not giving way to anyone on any side.

Bob Spink: Conservative Front Benchers intervened five times, so the hon. Gentleman should give way—

Mr. Deputy Speaker (Sir Alan Haselhurst): Order. We do not want sedentary comments from any part of the House, as they do not help the debate.

Mike Penning: Thank you, Mr. Deputy Speaker.

My hon. Friend the Member for West Chelmsford and others raised the issue of getting ambulances to A and E departments and then getting the patients from the ambulance into them. That is a crucial issue. Many clinicians at hospitals have said that they sometimes end up looking at the clock rather than treating patients because they are so worried about the four-hour limit. We have proposed to abolish it and we look forward to seeing it go.

The hon. Member for Wyre Forest (Dr. Taylor) has campaigned on these issues for many years and has a vast knowledge to draw on. He spoke about duplication in respect of NHS Direct and other services, which I alluded to earlier. I am not sure whether the hon. Gentleman is aware of it, but his own ambulance trust, which I understand is the Great Western—

Dr. Richard Taylor *indicated dissent.*

Mike Penning: I apologise, I was informed that it was the Great Western trust.

Dr. Taylor: It is the West Midlands Ambulance Service NHS Trust.

Mike Penning: I stand corrected. This is fantastic: the Great Western trust is being looked after by the West Midlands trust, because the Great Western could not look after the situation itself; as its results were so poor, Anthony Marsh, the chief executive of the West Midlands trust, has gone across to help it. Let us hope that the situation improves.

The hon. Member for Wyre Forest also spoke about a very sad case of a young boy who died in his constituency. I am sure that all our thoughts and prayers are with the family. It is so difficult when that sort of things happens in our constituencies, as it does every now and again.

People needed the help of the NHS; sadly, they were let down. We look forward to seeing the results of the inquiry.

My hon. Friend the Member for Mid-Bedfordshire (Mrs. Dorries) never ceases to amaze me with her depth of knowledge. She worked in this sector and took a huge interest in health issues while she was there. Many of us may have worked in different areas of different industries over the years, but we have not absorbed to the same extent as her an understanding of where the problems lie. My thoughts were with her as she talked so powerfully about the loss in her family.

I bring my own experience to the subject of what used to be called road traffic accidents—we have changed the language over the years, but I will continue to call them RTAs. When I first joined the fire service, I came in with a paramedic qualification from the armed forces. I was asked to take a first aid course. That is where we were. I sat so often at road traffic accidents and saw how the medics—there were no paramedics in those days—did their very best to keep going the vital signs of people whom we were trying to extricate from vehicles. Very often, people died. I had the most appalling experience with a young lady who had a stoved-in chest and was drowning internally; no one had the ability to drain her or keep her airways open. That, thank goodness, has changed.

Although I understand my hon. Friend's concerns about single responders, I have been present at RTAs that it has been physically impossible for an ambulance to reach—let alone an air ambulance, if one was available. Bikes do get through, however. She is right to say that they are not a replacement for a two-crewed ambulance, and it is vital that ambulances are dispatched at exactly the same time. I also understand her point about all the different techniques such crews need to have, and that it is better to have six hands than four or even two. Two is better than none, however; I have been at RTAs where there have been none, and it is better to have someone there. I agree that we must make sure that we do have not only single responders, but I do not think that is the situation; I have not met an ambulance trust chief executive who has told me that they have only single responders to RTAs, and I have asked every time. If that were ever brought in, it would be fundamentally wrong, and I am sure the Secretary of State would object to that, too.

However, there is a crisis in the ambulance service involving the difference between paramedics and technicians and what has been described as the wonderful new skilled roadside role of the emergency care assistant. I had in the past understood that in no situation would an ambulance go out without a paramedic or technician on board, but it is now my understanding that, at present, ambulances with under-qualified staff on board are responding to emergencies and they are invariably called emergency care assistants. That is very worrying. Over the years, we have built up the skills of paramedics. They have increased, not least because of the extra skills they pick up on operations with the military and then take back into the domestic sector. We cannot go the other way, and allow decreased skills. At present, we have paramedics on the one hand and emergency care assistants on the other hand, and something is falling through the middle: the skill base that we would all want.

Let me say a few words about queues outside hospitals. Ambulances queue up and hospitals will not take patients in because they are worried about the four-hour limit. This is no criticism of the West Midlands trust, but let me explain a situation I learned of while visiting Birmingham recently. Seventeen of the trust's ambulances were queued up outside a hospital, and the only way that they could be freed up was by putting one of the senior ambulance officers into the porch area of the accident and emergency department so that the ambulance crews handed over patients to her but not to the hospital. If that is what happens in a modern hospital service in the 21st century, something is seriously going wrong. I understand that happens around the country. It is one of the ways that ambulance trusts manage to free up their vehicles and get them back out on the road again; they have to avoid getting their patients into the hospital accident and emergency department because there is concern about the four-hour target.

My new colleague, my hon. Friend the Member for Crewe and Nantwich (Mr. Timpson), raised an important point about how communities feel about responders. Although they are unpaid, I have to emphasise to him that they all need to learn their skills. They need to come out of their basic training; 18 weeks is a short period but it is long enough to get their basic skills together. The key is that skill base as we take them forward. If we just left them with 18 weeks of training, and they went back in the community and never had any further training, that would not be useful. In terms of my hon. Friend's comments, what particularly worried me is that the critical care which responders give is key, so excluding them from category A—in other words, saving lives at critical points—is the opposite of what we should be doing. In many respects, their job is to save lives, not just to patch up a fracture or tend to a sprained ankle. It is crucial that we use them with such necessary skills, rather than pushing them off to less important roles. I will take that issue up in my shadow role.

When making notes for winding up this debate, I knew that I particularly wanted to talk about the ambulance issue because I knew that my hon. Friend the Member for South Cambridgeshire was going to talk in his opening remarks about the accident and emergency issue. I did not want to talk only about emergency care assistants or the emergency response times. I do not think that the Government intended to happen what is happening when they moved to regional ambulance trusts, but it is happening; if the ambulance trusts were smaller, it would be more difficult for the figures to become skewed between rural and urban.

I covered the way in which the performance targets work—that is a major issue and I hope that the Minister will examine it. The crucial thing when examining the performance of a trust is that we examine the outcomes. He is disagreeing with most things that I am saying, but if he thinks that the accident and emergency facility at Chase Farm should be closed, as is proposed, and that the accident and emergency closures that affect the Welwyn Hatfield area should proceed, or if he wants to continue with the mad closure programmes for the Hemel Hempstead general hospital, he should call an election—he should go to his boss and say, "Let the people decide." The Secretary of State says that he wants local democracy, so let us have an election and let the people decide.

3.45 pm

The Minister of State, Department of Health (Mr. Ben Bradshaw): I assure the hon. Member for Hemel Hempstead (Mike Penning) that I was shaking my head not because I disagreed with all of what he said—I think that there is a great deal of consensus on these issues—but because he took 20 minutes to say it. The debate has generally been good and positive, and we have heard many interesting and constructive contributions from across the House. We could have had an even broader debate, given that the title of the debate covers a range of issues, including not only the ones that we have discussed, but walk-in centres, general practitioners, out-of-hours services and NHS Direct. Urgent and emergency care is a broad canvas indeed.

I shall concentrate on the specific points that have been made, but if I do not have time to respond to all of them, I shall endeavour to write to hon. Members.

Bob Spink *rose—*

Mr. Bradshaw: I shall give way to the hon. Gentleman, particularly as his former colleague, the hon. Member for Hemel Hempstead, would not.

Bob Spink: That is very kind of the Minister. On specialist trauma units, does he agree that getting people with strokes and other such conditions straight to the right place, rather than to any old accident and emergency facility—only for them to have to be transferred later—is crucial in preventing deaths and disability? And does he therefore accept that the Tory motion is, at best, very poorly drafted, because choice is not the relevant factor for trauma patients, but speed and specialist centre provision are?

Mr. Bradshaw: Absolutely. The hon. Gentleman has pointed to the inherent contradiction in the Conservatives' policy: they say that they recognise the need for reorganisation, including the creation of trauma centres—the need for which he has described—yet they oppose every single reorganisation when one is actually proposed.

I need to correct the figures, or the impression, given by the hon. Member for South Cambridgeshire (Mr. Lansley) about the increase in accident and emergency attendances. A small increase in the number of such attendances took place between 1997 and 2003, but between 2002-03 and 2007 the figures for the average annual increase in accident and emergency attendances were as follows: the figure for major accident and emergency departments was 2.2 per cent.; that for single specialty accident and emergency was 4.9 per cent.; that for other types of accident and emergency department, including minor injury units, was 4.6 per cent., and that for walk-in centres was 15.7 per cent. Hon. Members can see that the biggest single proportion of the increase in accident and emergency attendances arose because of walk-in centres, which did not even exist under the previous Government, and that the smallest increase was for major accident and emergency departments. *[Interruption.]* The figure is not going up; the hon. Gentleman is wrong about that, too. The 2007-08 figures for major accident and emergency departments—the latest ones—show that there was a reduction of 1.5 per cent. compared with the previous year.

On the general issue of accident and emergency provision, a number of hon. Members have fairly recognised that the latest independent health watchdog report by the Healthcare Commission not only reports an improving picture—88 per cent. of the public rate their experience of accident and emergency as excellent, very good or good, which is an increase from 85 per cent. in 2003-04—but makes a number of criticisms, including some associated with pain relief and discharge, which the Government take very seriously and expect the NHS to address.

The hon. Member for South Cambridgeshire gave the reply that I was going to give in response to the hon. Member for West Chelmsford (Mr. Burns) on the gap between the findings of the Healthcare Commission's survey and the official figures. That occurs because some people may, for clinical reasons, need to be to moved into an assessment unit or a side ward if the consultant who has seen them is not in a position at that stage to make a decision on their care. Such people may still feel as if they are in accident and emergency, whereas in fact they are not. That four-hour target, which the Conservative party would scrap, has been incredibly important in driving up performance. I do not know any serious manager in the health service who thinks that it would be a good idea to abandon it. That would be a recipe for returning to the terrible days of patients having to wait hours, and even days, on trolleys, and the closure of accident and emergency departments.

It is important to put on the record what the College of Emergency Medicine report said about emergency medicine. It has been widely, but selectively, quoted by the Opposition, including in an early-day motion, but they omitted to mention that the report states on page 8:

> "There is no single solution to the reorganisation of emergency care. In urban areas where"

emergency departments

> "are close together (less than ten km apart) there may be advantages to amalgamating some services."

It goes on to argue that that could result in a "more coherent" service for local residents.

The college's report states that, throughout the country, many patients who attend A and E but do not need the full services of an acute hospital could be dealt with in an urgent care centre on a hospital site or in a community setting. The recent independent Healthcare Commission report on urgent and emergency care found that, in a typical urgent care centre, care starts within an hour for 93 per cent. of patients.

There is evidence of highly effective urgent care centres that are properly integrated, and have good collaborative working relationships with A and E colleagues. The key issue is that services should be integrated and staffed by people with the right skills and competencies to deal with the population using the service. Whether an urgent care centre is appropriate in a particular area, and how services are best structured, will depend on local circumstances. The Opposition motion suggests that to achieve that may mean concentrating expertise in a smaller number of centres of excellence that bring together specialists in different subjects to work together as a single team.

Many people who walk through the doors of accident and emergency departments do not need such a high level of care, and for them the most effective treatment will come from a nurse or GP. We can trade figures, and other reports have been quoted, but I am advised that the most conservative estimate is that 50 per cent. of those who present in accident and emergency departments in fact require primary care. That is a huge proportion.

Of course, when any reorganisation takes place it can be, and often is, controversial. But as my right hon. Friend the Secretary of State made clear in his opening remarks, the changes must be locally led and, clinically driven and, in contrast with what the hon. Member for Mid-Bedfordshire (Mrs. Dorries) suggested, they require full public consultation. If democratically elected local councillors disagree with recommendations made by their local primary care trusts, they can object through the overview and scrutiny committee and refer those proposals to the independent reconfiguration panel. Some hon. Members have said that the panel is just a front, but in the past six months it has comprehensively rejected two major reorganisations, one in Oxfordshire and one in Sussex. It bases its decisions on the clinical case, and it was absolutely right for my right hon. Friend to take the politics out of the matter and set up a process that is transparent, independent, and based on clinical need and what is best for the patient.

My right hon. Friend the Member for Enfield, North (Joan Ryan) has championed Chase Farm hospital with great effect during her years in the House. I am sorry that she was not in the Chamber for the contribution by the hon. Member for Hemel Hempstead, but she may like to read the *Hansard* record, because he grossly misrepresented the position on Chase Farm and what she has done to ensure that the proposals affecting Enfield are much better than they were at the outset.

My right hon. Friend took the trouble to highlight the fact that many of the improvements in the NHS in her constituency, including GP-led health centres and the planned new polyclinics, represent developments that the Conservative party oppose—her local Conservative party is completely silent on that subject. We have had many such debates, and the national director for emergency access referred to the proposals from the local primary care trust—not the Government—on the reduction from three to two accident and emergency departments. He said:

> "Put starkly, it is evident that safe, high quality modern care cannot be provided for all specialties in all three acute hospitals in the area...Care of the standard that members of the public have a right to expect will require the centralisation of some specialties on two of the three hospital sites. Immediate care around the clock by experienced clinicians cannot be guaranteed whilst efforts are made to maintain all three sites"

My right hon. Friend will also be aware that there is an outstanding judicial review application by the local authorities concerned, but the challenge from the local authorities to the Independent Reconfiguration Panel was not successful.

The hon. Member for Romsey (Sandra Gidley) raised in some depth the issue of ambulances, but she did not mention that we are achieving the best ever response times. The ambulance service is the most popular in the NHS, as it scores the highest level of patient satisfaction of any service—some 97 per cent., according to the independent Healthcare Commission. Investment in ambulance services has increased by 135 per cent. since 1997.

The hon. Lady raised the specific issue of ambulance services in rural areas, and how the new larger ambulance services are expected to perform. The Department issued directions to each ambulance trust following the reorganisation of services in 2006 to set out the requirement that each trust must be able to demonstrate that it has regard to the reasonable needs of everyone in their area, and has arrangements in place to meet the national response times. The way in which each trust does that will depend on the local geography and fleet mix, and is a matter for local decision. However, since the reorganisation, ambulance services have improved their performance and displayed the highest response ever on category A calls, with 77.1 per cent. in the latest figures.

The hon. Lady—and the hon. Members for Mid-Bedfordshire and for Hemel Hempstead—also raised the issue of delayed handover of patients at accident and emergency departments. Let me make it clear again—as my right hon. Friend the Secretary of State has done on many occasions—that it is totally unacceptable for A and E departments not to accept patients, or for ambulances to have to wait outside for whatever reason. Hon. Members will be aware that the accident and emergency clock starts when the handover occurs or 15 minutes after the ambulance arrives, whichever is earlier. So if hon. Members wish to make specific allegations about such problems occurring at a hospital, they should let us know and we will come down on that hospital like a ton of bricks.

The hon. Member for Wyre Forest (Dr. Taylor), and others, raised the issue of the three-digit number. I am sorry to have to say that they will have to be patient for a little longer. As the hon. Gentleman acknowledged, it is a complex issue, as several different models could be implemented. As he knows, we were clear about our commitment in the next stage review, and it is important to consult on the different models with all the different organisations involved, in the public interest.

The hon. Member for South Cambridgeshire rightly raised the concern about the pressure on accident and emergency departments caused by alcohol and drugs. He will, I am sure, be aware of the cross-government strategy on alcohol and drugs, which aims to address the three problem drinker groups, and therefore take the pressure off accident and emergency departments.

The hon. Member for Mid-Bedfordshire also raised concerns about solo response teams, and I will write to her in more detail. What I can say is that if, according to the best knowledge and decision making of the trust, a traditional double-crewed ambulance is required, one should always be sent—but it is important to provide a fast response as quickly as possible, with back-up if necessary.

We do not have to cast our minds back too far—just to the mid-1990s—to remember the horror stories of people waiting for days to see a doctor, waiting in corridors on trolleys in accident and emergency departments. They were waiting with neither privacy nor dignity at a time when they were at their most vulnerable. Over the past decade, this Government have transformed people's experience of urgent and emergency care. Ambulance services and accident and emergency departments are scoring record performances with a huge expansion in alternatives to urgent care for people for whom accident and emergency treatment is not appropriate. That is an enormous tribute to NHS staff, and I commend our amendment to the House.

Question put (Standing Order No. 31(2)), That the original words stand part of the Question.

The House proceeded to a Division.

Mr. Deputy Speaker: I ask the Serjeant at Arms to investigate the delay in the No Lobby.

The House having divided: Ayes 230, Noes 306.

Division No. 18] **[3.59 pm**

AYES

Afriyie, Adam
Ainsworth, Mr. Peter
Alexander, Danny
Amess, Mr. David
Ancram, rh Mr. Michael
Atkinson, Mr. Peter
Bacon, Mr. Richard
Baker, Norman
Baldry, Tony
Barker, Gregory
Baron, Mr. John
Barrett, John
Beith, rh Sir Alan
Bellingham, Mr. Henry
Benyon, Mr. Richard
Bercow, John
Beresford, Sir Paul
Binley, Mr. Brian
Blunt, Mr. Crispin
Bone, Mr. Peter
Boswell, Mr. Tim
Bottomley, Peter
Brake, Tom
Brazier, Mr. Julian
Brokenshire, James
Brooke, Annette
Browne, Mr. Jeremy
Browning, Angela
Bruce, rh Malcolm
Burns, Mr. Simon
Burrowes, Mr. David
Burt, Alistair
Burt, Lorely
Butterfill, Sir John
Cable, Dr. Vincent
Cameron, rh Mr. David
Campbell, Mr. Gregory
Campbell, rh Sir Menzies
Carmichael, Mr. Alistair
Carswell, Mr. Douglas
Cash, Mr. William
Chope, Mr. Christopher
Clappison, Mr. James
Clark, Greg
Clarke, rh Mr. Kenneth
Clifton-Brown, Mr. Geoffrey
Cormack, Sir Patrick
Cox, Mr. Geoffrey
Crabb, Mr. Stephen
Curry, rh Mr. David
Davey, Mr. Edward
Davies, David T.C. *(Monmouth)*
Davies, Philip
Djanogly, Mr. Jonathan
Dodds, Mr. Nigel
Donaldson, rh Mr. Jeffrey M.
Dorrell, rh Mr. Stephen
Dorries, Mrs. Nadine
Duncan, Alan
Duncan Smith, rh Mr. Iain
Dunne, Mr. Philip
Ellwood, Mr. Tobias
Evans, Mr. Nigel
Evennett, Mr. David
Fabricant, Michael
Featherstone, Lynne
Field, Mr. Mark
Foster, Mr. Don
Fox, Dr. Liam
Fraser, Christopher
Gale, Mr. Roger
Garnier, Mr. Edward
Gauke, Mr. David
George, Andrew
Gibb, Mr. Nick
Gidley, Sandra
Gillan, Mrs. Cheryl
Goldsworthy, Julia
Goodwill, Mr. Robert
Gray, Mr. James
Grayling, Chris
Green, Damian
Greening, Justine
Greenway, Mr. John
Grieve, Mr. Dominic
Gummer, rh Mr. John
Hague, rh Mr. William
Hammond, Mr. Philip
Hammond, Stephen
Hancock, Mr. Mike
Harper, Mr. Mark
Harris, Dr. Evan
Harvey, Nick
Heald, Mr. Oliver
Heath, Mr. David
Heathcoat-Amory, rh Mr. David
Hemming, John
Hendry, Charles
Herbert, Nick
Hoban, Mr. Mark
Hollobone, Mr. Philip
Holmes, Paul
Horam, Mr. John
Horwood, Martin
Howard, rh Mr. Michael
Howarth, David
Howarth, Mr. Gerald
Hughes, Simon
Hunt, Mr. Jeremy
Hunter, Mark
Hurd, Mr. Nick
Jack, rh Mr. Michael
Jackson, Mr. Stewart
Jones, Mr. David
Kawczynski, Daniel
Kennedy, rh Mr. Charles
Knight, rh Mr. Greg
Kramer, Susan
Laing, Mrs. Eleanor
Lait, Mrs. Jacqui
Lamb, Norman
Lancaster, Mr. Mark
Lansley, Mr. Andrew
Laws, Mr. David
Leech, Mr. John
Leigh, Mr. Edward
Lewis, Dr. Julian
Liddell-Grainger, Mr. Ian
Lidington, Mr. David
Lilley, rh Mr. Peter
Llwyd, Mr. Elfyn
Loughton, Tim
Luff, Peter
Mackay, rh Mr. Andrew
Maclean, rh David
Main, Anne
Maples, Mr. John
Mates, rh Mr. Michael
Maude, rh Mr. Francis
May, rh Mrs. Theresa
McCrea, Dr. William
McIntosh, Miss Anne
McLoughlin, rh Mr. Patrick
Mercer, Patrick
Miller, Mrs. Maria
Mitchell, Mr. Andrew
Moore, Mr. Michael
Moss, Mr. Malcolm
Mulholland, Greg
Mundell, David
Murrison, Dr. Andrew
Neill, Robert
Newmark, Mr. Brooks
O'Brien, Mr. Stephen
Oaten, Mr. Mark
Öpik, Lembit
Osborne, Mr. George
Ottaway, Richard
Paice, Mr. James
Paterson, Mr. Owen
Pelling, Mr. Andrew
Penning, Mike
Prisk, Mr. Mark
Pritchard, Mark
Pugh, Dr. John
Randall, Mr. John
Redwood, rh Mr. John
Reid, Mr. Alan
Rennie, Willie
Robathan, Mr. Andrew
Robertson, Hugh
Robertson, Mr. Laurence
Rogerson, Dan
Rosindell, Andrew
Rowen, Paul
Ruffley, Mr. David
Russell, Bob
Sanders, Mr. Adrian
Scott, Mr. Lee
Selous, Andrew
Shapps, Grant
Shepherd, Mr. Richard
Simmonds, Mark
Simpson, David
Simpson, Mr. Keith
Smith, Sir Robert
Soames, Mr. Nicholas
Spelman, Mrs. Caroline
Spicer, Sir Michael
Spink, Bob
Spring, Mr. Richard
Stanley, rh Sir John
Steen, Mr. Anthony
Stuart, Mr. Graham
Stunell, Andrew
Swire, Mr. Hugo
Syms, Mr. Robert
Tapsell, Sir Peter
Taylor, Mr. Ian
Taylor, Matthew
Taylor, Dr. Richard
Teather, Sarah
Thurso, John
Timpson, Mr. Edward
Tredinnick, David
Turner, Mr. Andrew
Tyrie, Mr. Andrew
Vaizey, Mr. Edward
Vara, Mr. Shailesh
Villiers, Mrs. Theresa
Walker, Mr. Charles
Wallace, Mr. Ben
Walter, Mr. Robert
Waterson, Mr. Nigel
Watkinson, Angela
Whittingdale, Mr. John
Widdecombe, rh Miss Ann
Willetts, Mr. David
Williams, Hywel
Williams, Mark
Williams, Mr. Roger
Williams, Stephen
Willott, Jenny
Wilshire, Mr. David
Wilson, Sammy
Winterton, Ann
Winterton, Sir Nicholas
Wright, Jeremy
Young, rh Sir George
Younger-Ross, Richard

Tellers for the Ayes:
Bill Wiggin and
Mr. Rob Wilson

NOES

Ainsworth, rh Mr. Bob
Alexander, rh Mr. Douglas
Allen, Mr. Graham
Anderson, Mr. David
Anderson, Janet
Armstrong, rh Hilary
Austin, Mr. Ian
Austin, John
Bailey, Mr. Adrian
Baird, Vera
Balls, rh Ed
Banks, Gordon
Barlow, Ms Celia
Barron, rh Mr. Kevin
Battle, rh John
Bayley, Hugh
Beckett, rh Margaret
Begg, Miss Anne
Bell, Sir Stuart
Benn, rh Hilary
Berry, Roger
Betts, Mr. Clive
Blackman, Liz
Blackman-Woods, Dr. Roberta
Blears, rh Hazel
Blizzard, Mr. Bob
Blunkett, rh Mr. David
Bradshaw, Mr. Ben

Brennan, Kevin
Brown, Lyn
Brown, rh Mr. Nicholas
Brown, Mr. Russell
Browne, rh Des
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burgon, Colin
Burnham, rh Andy
Butler, Ms Dawn
Byers, rh Mr. Stephen
Byrne, rh Mr. Liam
Caborn, rh Mr. Richard
Cairns, David
Campbell, Mr. Alan
Campbell, Mr. Ronnie
Caton, Mr. Martin
Cawsey, Mr. Ian
Chapman, Ben
Clapham, Mr. Michael
Clark, Ms Katy
Clark, Paul
Clarke, rh Mr. Charles
Clelland, Mr. David
Coffey, Ann
Connarty, Michael
Cook, Frank
Cooper, rh Yvette
Corbyn, Jeremy
Cousins, Jim
Crausby, Mr. David
Creagh, Mary
Cruddas, Jon
Cryer, Mrs. Ann
Cummings, John
Cunningham, Mr. Jim
Cunningham, Tony
Curtis-Thomas, Mrs. Claire
David, Mr. Wayne
Davidson, Mr. Ian
Davies, Mr. Dai
Davies, Mr. Quentin
Dean, Mrs. Janet
Denham, rh Mr. John
Devine, Mr. Jim
Dhanda, Mr. Parmjit
Dismore, Mr. Andrew
Dobbin, Jim
Dobson, rh Frank
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Dowd, Jim
Eagle, Angela
Eagle, Maria
Efford, Clive
Ellman, Mrs. Louise
Engel, Natascha
Ennis, Jeff
Etherington, Bill
Farrelly, Paul
Field, rh Mr. Frank
Fisher, Mark
Fitzpatrick, Jim
Flello, Mr. Robert
Flint, rh Caroline
Flynn, Paul
Follett, Barbara
Foster, Mr. Michael
(Worcester)
Francis, Dr. Hywel
Gapes, Mike
Gardiner, Barry
George, rh Mr. Bruce
Gerrard, Mr. Neil
Gibson, Dr. Ian
Gilroy, Linda
Godsiff, Mr. Roger
Goggins, Paul
Griffith, Nia
Grogan, Mr. John
Gwynne, Andrew
Hain, rh Mr. Peter
Hall, Mr. Mike
Hamilton, Mr. David
Hamilton, Mr. Fabian
Hanson, rh Mr. David
Harman, rh Ms Harriet
Harris, Mr. Tom
Healey, rh John
Henderson, Mr. Doug
Hendrick, Mr. Mark
Hepburn, Mr. Stephen
Heppell, Mr. John
Hesford, Stephen
Hewitt, rh Ms Patricia
Heyes, David
Hill, rh Keith
Hillier, Meg
Hodgson, Mrs. Sharon
Hoey, Kate
Hood, Mr. Jim
Hoon, rh Mr. Geoffrey
Hope, Phil
Hopkins, Kelvin
Howarth, rh Mr. George
Howells, Dr. Kim
Hoyle, Mr. Lindsay
Hughes, rh Beverley
Humble, Mrs. Joan
Hutton, rh Mr. John
Iddon, Dr. Brian
Illsley, Mr. Eric
Ingram, rh Mr. Adam
Irranca-Davies, Huw
James, Mrs. Siân C.
Johnson, rh Alan
Johnson, Ms Diana R.
Jones, Helen
Jones, Mr. Kevan
Jones, Lynne
Jones, Mr. Martyn
Jowell, rh Tessa
Joyce, Mr. Eric
Kaufman, rh Sir Gerald
Keeble, Ms Sally
Keeley, Barbara
Keen, Alan
Keen, Ann
Kelly, rh Ruth
Kemp, Mr. Fraser
Kennedy, rh Jane
Khan, Mr. Sadiq
Kidney, Mr. David
Kilfoyle, Mr. Peter
Knight, rh Jim
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lammy, rh Mr. David
Laxton, Mr. Bob
Lepper, David
Levitt, Tom
Lewis, Mr. Ivan
Linton, Martin
Lloyd, Tony
Lucas, Ian
Mackinlay, Andrew
MacShane, rh Mr. Denis
Mactaggart, Fiona
Mahmood, Mr. Khalid
Malik, Mr. Shahid
Mallaber, Judy
Mann, John
Marris, Rob
Marsden, Mr. Gordon
Marshall-Andrews, Mr. Robert
McAvoy, rh Mr. Thomas
McCafferty, Chris
McCarthy, Kerry
McCarthy-Fry, Sarah
McDonagh, Siobhain
McDonnell, Dr. Alasdair
McFadden, rh Mr. Pat
McGovern, Mr. Jim
McGuire, rh Mrs. Anne
McIsaac, Shona
McKechin, Ann
McKenna, Rosemary
McNulty, rh Mr. Tony
Meacher, rh Mr. Michael
Merron, Gillian
Michael, rh Alun
Miliband, rh Edward
Miller, Andrew
Mitchell, Mr. Austin
Moffat, Anne
Moffatt, Laura
Mole, Chris
Moon, Mrs. Madeleine
Moran, Margaret
Morgan, Julie
Morley, rh Mr. Elliot
Mudie, Mr. George
Mullin, Mr. Chris
Munn, Meg
Murphy, Mr. Denis
Murphy, rh Mr. Jim
Murphy, rh Mr. Paul
Naysmith, Dr. Doug
Norris, Dan
O'Brien, Mr. Mike
O'Hara, Mr. Edward
Olner, Mr. Bill
Osborne, Sandra
Owen, Albert
Palmer, Dr. Nick
Pearson, Ian
Plaskitt, Mr. James
Pope, Mr. Greg
Pound, Stephen
Prentice, Bridget
Prentice, Mr. Gordon
Prescott, rh Mr. John
Primarolo, rh Dawn
Prosser, Gwyn
Purnell, rh James
Raynsford, rh Mr. Nick
Reed, Mr. Jamie
Reid, rh John
Riordan, Mrs. Linda
Robertson, John
Robinson, Mr. Geoffrey
Roy, Lindsay
Ruane, Chris
Ruddock, Joan
Russell, Christine
Ryan, rh Joan
Sarwar, Mr. Mohammad
Seabeck, Alison
Sharma, Mr. Virendra
Shaw, Jonathan
Sheerman, Mr. Barry
Sheridan, Jim
Simon, Mr. Siôn
Simpson, Alan
Singh, Mr. Marsha
Skinner, Mr. Dennis
Slaughter, Mr. Andy
Smith, rh Mr. Andrew
Smith, Ms Angela C.
(Sheffield, Hillsborough)
Smith, Angela E. *(Basildon)*
Smith, Geraldine
Smith, rh Jacqui
Southworth, Helen
Spellar, rh Mr. John
Spink, Bob
Starkey, Dr. Phyllis
Stewart, Ian
Stoate, Dr. Howard
Straw, rh Mr. Jack
Stringer, Graham
Stuart, Ms Gisela
Sutcliffe, Mr. Gerry
Tami, Mark
Taylor, Ms Dari
Taylor, David
Thomas, Mr. Gareth
Thornberry, Emily
Timms, rh Mr. Stephen
Tipping, Paddy
Touhig, rh Mr. Don
Trickett, Jon
Truswell, Mr. Paul
Turner, Mr. Neil
Twigg, Derek
Ussher, Kitty
Vaz, rh Keith
Vis, Dr. Rudi
Waltho, Lynda
Ward, Claire
Wareing, Mr. Robert N.
Watson, Mr. Tom
Watts, Mr. Dave
Whitehead, Dr. Alan
Wicks, rh Malcolm
Williams, rh Mr. Alan
Williams, Mrs. Betty
Wills, rh Mr. Michael
Wilson, Phil
Winnick, Mr. David
Winterton, rh Ms Rosie
Wood, Mike
Woodward, rh Mr. Shaun
Woolas, Mr. Phil
Wright, Mr. Anthony
Wright, David
Wright, Mr. Iain
Wright, Dr. Tony
Wyatt, Derek

Tellers for the Noes:
Helen Goodman and
Mr. Frank Roy

Question accordingly negatived.

Question put forthwith (Standing Order No. 31(2)), That the proposed words be there added.

Question agreed to.

Main Question, as amended, put and agreed to.

Resolved,

That this House acknowledges the excellent reputation of emergency and urgent care services in the UK; commends the expertise and dedication of NHS emergency and urgent care staff who work around the clock to provide a consistent and reliable service; notes the strain placed on accident and emergency departments across the 5 country from winter viruses, and commends NHS staff for their extra efforts to maintain services in the face of such pressures; supports the improvement of acute hospital services and development of specialist centres where appropriate; acknowledges that health professionals provide excellent emergency care to 19 million patients a year in England; recognises the unique contribution made by community first responders; notes that the four hour target maximum wait in accident and emergency is hailed by many as one of the most significant steps forward in improving services for patients; welcomes the fact that patients can also access services through NHS Direct and 90 NHS walk-in centres and will soon see the benefits of 113 new GP practices in underdoctored areas and at least one new GP-led health centre in each primary care trust open seven days a week from 8 am to 8 pm; and further notes that the removal of target maximum waits for treatment will increase waiting times for patients.'.

Mr. Deputy Speaker: Order. Before we move on to the next debate, I should observe that Mr. Speaker expects Divisions to take no longer than 13 or 14 minutes. I will therefore draw his attention to the 20-minute time lapse today.

Mr. David Winnick (Walsall, North) (Lab): On a point of order, Mr. Deputy Speaker. Will you confirm that it is not intended to move the freedom of information order that is on Thursday's Order Paper? If that is so—I believe that it is—many of us will welcome the fact that we will not be exempted from freedom of information legislation. That was passed by the House, it applies to others and obviously it should apply to us. The move is very welcome, and I hope that you will be able to confirm that what I have just stated is the position.

Bob Spink: Further to that point of order, Mr. Deputy Speaker. May we have an urgent business statement? There is considerable confusion about what motions on Members' allowances will be taken tomorrow and under what constraints votes will be taken—in particular, whether deferred Divisions will be allowed.

Mr. Deputy Speaker: Order. The matter raised by the hon. Gentlemen is, of course, strictly for the Government and not for the Chair. However, I am aware of media reports that there has been a change in the business previously announced for tomorrow. Perhaps the Government will seek to acquaint the House formally of that change. *[Interruption.]* If so, I assure the House that the Chair will facilitate that.

The Leader of the House of Commons (Ms Harriet Harman): Further to that point of order, Mr. Deputy Speaker. Perhaps I can assist the House by saying that we will seek to bring a number of the motions tabled last Thursday, in my name as Leader of the House, to the House tomorrow for debated decision—and that there is one that we will not. Let me state which ones we will take forward. We will take forward the motion that endorses the new Green Book, which we argue has tougher rules in it. Secondly, we will bring forward the motion that provides for audit and assurance, so that we can all be sure that the rules in the new Green Book are properly applied.

Thirdly, we will come forward with a proposal that every year, irrespective of whether there has been a Freedom of Information Act request, there should be publication in 26 categories of all the money that all hon. Members have spent in that year, and on what. Fourthly, there will be a motion to establish a Committee of the House on members' allowances, instead of the Advisory Panel on Members' Allowances. That, incidentally, will not have a Government majority on it. We will go ahead and bring those motions to the House tomorrow for debate and decision. But we will not be proceeding with the statutory instrument under the Freedom of Information Act 2000.

Mr. Deputy Speaker: Order. I cannot cavil about the fact that the right hon. and learned Lady has responded so quickly to what I said, but she will understand, as will other hon. Members, that that places me in difficulty in that we have a time-limited debate for which many hon. Members have applied to speak. We cannot have a full debate on the contents of the statement made under a point of order. However, in the circumstances, because this is very much a House of Commons matter, I will allow the hon. Members for Rutland and Melton (Alan Duncan) and for Somerton and Frome (Mr. Heath) briefly to respond. I hope that everyone will understand that then we really must move on: we cannot treat this as a business statement pre-empting the other business of the House.

Alan Duncan (Rutland and Melton) (Con): Further to that point of order, Mr. Deputy Speaker. I am grateful for your guidance, and of course we will leave most of these matters until tomorrow. May I seek from the Leader of the House clarification on the status of the last four years of receipts now that the attempted motion to stop their being revealed has been removed? Will they be published in full, as now appears likely?

Mr. David Heath (Somerton and Frome) (LD): Further to that point of order, Mr. Deputy Speaker. Obviously, many Opposition Members will greatly welcome the withdrawal of the statutory instrument on freedom of information. However, is it in order to proceed with a publication scheme that is expressly not in accordance with the judgment of the High Court?

Ms Harman: I will have to discuss with the Clerk of the House how the House authorities—the data holders—will proceed with the existing 180 Freedom of Information Act requests. I am not trying to stonewall on this, but I have not yet had a chance to speak to the Clerk of the House. I will do so, and we will debate this further tomorrow.

The Liberal Democrat spokesperson asked whether this obviates the need for a publication scheme for the generality of all Members of the House. The publication scheme will provide information to members of the public, without its having been requested, on all Members of the House every year. However freedom of information requests are dealt with, it is still important that as well as having tough rules and robust audit, we have a scheme to put in the public domain, without its having been asked for, information about what all Members are spending every year, and on what.

Mr. Deputy Speaker: Order. The House has now heard officially about a change of business for tomorrow, and we must move on.

Savers

4.27 pm

Mr. Philip Hammond (Runnymede and Weybridge) (Con): I beg to move,

That this House recognises that the reduction in interest rates since October 2008 has been a necessary policy response to the recession, justified by the dramatic reversal of inflationary pressures; believes that the role of Government in a recession is to support those most affected in the short term, while strengthening the economy for the recovery; notes that lower income savers have suffered significant losses as a result of interest rate reductions, and are likely to have a high marginal propensity to spend any increase in post-tax income; further notes that older savers, in particular, are a group who have acted responsibly during the so-called age of irresponsibility, and should be rewarded rather than penalised for their thrift; acknowledges the decline in the savings ratio from 9.9 per cent. to 1.8 per cent. since the second quarter of 1997; believes that more needs to be done to promote a culture of saving during the period of recovery and end Britain's addiction to debt; and calls upon the Government, in the next Budget, to cut taxes for savers by reducing the starting rate and basic rate of tax on savings to zero, paid for by reducing the real growth rate of Government spending in 2009-10, as the Government has already committed to do in 2010-11.

In the next few days, we will learn for certain that the UK is in recession. The Chancellor has already signalled that his prediction, made as recently as the pre-Budget report in November, that the UK would resume positive growth in the second half of this year is now unlikely to be achieved. Earlier this week, the European Union published its projections showing that the UK will suffer the longest and deepest recession of any EU country except for the Baltic states and Ireland. That means that even the pre-Budget report estimate of a staggering £118 billion budget deficit for 2009-10 now looks optimistic.

Just in the course of this week, we have seen another multi-billion-pound banking rescue package as the Government desperately struggle to address the failure of the October package to deliver the credit flow that the economy so desperately needs.

The Government's record to date consists of: a failed stamp duty holiday, which was supposed to stop house prices falling but has actually seen the fall accelerate; a failed fiscal stimulus VAT cut that has stimulated no one, been derided by retailers as pointless and succeeded only in adding another £12 billion to our £1 trillion debt mountain; and a banking rescue package that has neither saved the banks nor saved the economy by getting lending moving again.

Repossessions are rising, unemployment is rising and business failures are rising. In fact, the only things that are falling are the pound and inflation, both of which reflect the chronic weakness of the economy, which—if I may paraphrase the Prime Minister—in turn reflects the chronic weakness of the Government.

Mr. Doug Henderson (Newcastle upon Tyne, North) (Lab): I am not sure that I understand the point that the hon. Gentleman is trying to make. I get the impression that the Conservatives are saying that the things that the Government have done are wrong, and that they will therefore have an alternative policy. If so, will he tell us what that Conservative policy is?

Mr. Hammond: I hope that the hon. Gentleman will bear with me, because, as he might have anticipated, much of the remainder of my speech will set out the

[Mr. Philip Hammond]

things we would have done, some of which the Government have now adopted in their package of proposals.

Members will recall that the Prime Minister thinks that he saved the world. The Employment Minister apparently sees light at the end of the tunnel, Baroness Vadera sees some green shoots and the Housing Minister sees an upturn in the housing market. However, I have to say to the Financial Secretary to the Treasury that everyone else—every commentator, every market, the European Union, the OECD—sees unrelenting gloom, and a longer and deeper recession in the United Kingdom than in any other major economy.

Mr. Rob Wilson (Reading, East) (Con): Is my hon. Friend aware that the UK is in danger of losing its triple A credit rating status, which would be a further blow to the pound?

Mr. Hammond: My hon. Friend is right. Members will be aware that some EU countries have already seen downgrades to their credit status, and there is speculation in the media about the UK's credit rating status. Obviously, it is critical to all of us that the UK maintain the top investment grade credit rating for its Government paper.

The root cause of the problem is the failure of the banking system to deliver the routine credit that is needed to oil the wheels of commerce and to support businesses with the working capital that they need to protect jobs and to allow for investment for the long term. The Government's response initially focused on fiscal policy, with the wasteful and ineffective £12 billion temporary VAT cut, to be paid for by pre-announced higher taxes after the next general election.

However, I am pleased to say that, over the past week and a half, Government policy has moved in a welcome direction, to refocus on the supply of credit through moves to address the flaws in bank bail-out No. 1—for which we have been calling since that bail-out was announced in October—and to adopt a version, of sorts, of the national loan guarantee scheme that we first proposed in November, underpinning bank lending to companies in a way that would allow banks to raise the funds to provide the credit that business needs to survive the downturn.

Ms Sally Keeble (Northampton, North) (Lab): Is the hon. Gentleman aware that Paul Tucker, the newly appointed deputy governor of the Bank of England, said this morning that the first bail-out, last autumn, had been successful, that it had served its purpose and that it had been essential to prevent the complete collapse of the banking system? He said that the current proposals were therefore a second phase in a necessary process.

Mr. Hammond: That is the Prime Minister's spin: that this is the planned second phase. The hon. Lady needs to go back and look at what the Chancellor and the Prime Minister said last October. First, they said that the £37 billion of taxpayers' money that they had invested would appreciate in value over the next period, when in fact £20 billion of it has already been lost. Secondly, they said that its purpose was to get banks lending again to businesses, home owners and families. That has not happened, and that is a failure in anyone's book.

There is an ongoing debate about the merits of fiscal responses versus monetary responses, and about the respective abilities of fiscal and monetary actions to help economies out of a recession. That is a perfectly respectable academic debate, and, for a country that enters a recession in fiscal balance or with a surplus, it is an interesting and important debate. Each such country will reach its own conclusion as to the right balance between fiscal and monetary responses, no doubt informed by its own historical experience. I am thinking particularly of the agonising that has gone on in Germany.

In the UK, however, we do not have to spend our time carrying out that analysis, because we do not have the room for a fiscal stimulus. We did not fix our roof while the sun was shining. There is a clear—*[Interruption.]* I will say that again for the hon. Member for Islington, South and Finsbury (Emily Thornberry): we did not fix our roof while the sun was shining, which is why we are in the mess we are in today. Whether she likes it or not, there is a clear emerging consensus that a fiscal stimulus is not appropriate, given the circumstances in which this Government delivered the UK to the brink of recession in 2008.

Emily Thornberry (Islington, South and Finsbury) (Lab): Over the past few years half of the homes in Islington have had their roofs fixed as a result of the decent homes programme. Thank goodness for a Labour Government.

Mr. Hammond: The hon. Lady obviously thinks that that is a very clever intervention. *[Interruption.]* Well, it has been done before, but usually with school roofs. She makes my point precisely. During the good years, the Government borrowed yet more money that they did not have and spent it, and now we have come to the recession the cupboard is bare. The Government have no room for a responsible fiscal stimulus, while many of our neighbours in Europe find that they do have such room.

There is an emerging consensus that a fiscal stimulus is not appropriate in these circumstances, and I shall set out what those circumstances are. There is a huge current budget deficit. The Economic Secretary thinks that that is funny; his Government is going to run up a budget deficit of £118 billion. Household debt stands at £1.4 trillion. There is a pattern of persistent and huge external deficits. We have a rapidly weakening–some would say collapsing—currency. There has been a record of absolute failure during the past seven years to deliver the fiscal projections made in Budget after Budget, and we have an unbalanced and highly exposed economy.

Mr. George Mudie (Leeds, East) (Lab): If the argument is that we started in a bad position with no fiscal room, what is the hon. Gentleman suggesting in fiscal terms? Is he saying that we cannot do anything because of our starting point? If he is saying that, I would point out that the Opposition motion would cost £4.1 billion. Where would that come from?

Mr. Hammond: If the hon. Gentleman can bear with me for just a few more minutes, he will find out exactly where it is coming from. I am not saying that we can do nothing. What we have been saying since November is that this crisis was created in the credit system and the banking system, and it requires a response that is primarily monetary. That is fortunate because the UK fiscal position means that the Government are not able to provide an appropriate fiscal response.

Mr. Jeremy Browne (Taunton) (LD): If what the hon. Gentleman says is true, why is it that until a very recent U-turn, the Conservative party was committed to matching the overall totals of taxation and spending of the Labour Government?

Mr. Hammond: We made a commitment to match the Government's spending totals against a background of an entirely different economic situation, and it has become apparent—

Mr. Browne: When the sun was shining.

Mr. Hammond: The Government were projecting increases in spending totals that would see public spending decreasing as a share of GDP, taking on the prudent approach that we have been advocating and that they have singularly failed to adopt in the last few years.

The Government will quote in their defence sources that are generally supportive of fiscal measures—that is to say, people who tend to be on the fiscal side of the academic debate or who recommend a balance of fiscal and monetary initiatives. *[Interruption.]* We can quote some Germans if the Economic Secretary really wants us to; I have my Germans all lined up in a stack of papers on the Bench. What the Government will not tell us is that most of those people, under questioning, readily concede that a fiscal stimulus is not only inadvisable, but positively dangerous in the UK's current circumstances. Some have issued specific warnings against the UK adopting a fiscal loosening. For example, in the European Commission's economic recovery plan that we debated yesterday, we find on page 7:

> "It is clear that not all Member States are in the same position. Those that took advantage of the good times to achieve more sustainable public finance positions and improve their competitiveness have more room for manoeuvre now."

It continues, and I invite my hon. Friends to try to spot the reference here:

> "For those Member States, in particular outside the Euro area, which are facing significant external and internal imbalances, budgetary policy should essentially aim at correcting such imbalances."

In other words, there is no room for fiscal loosening. Jean-Claude Trichet, the president of the European Central Bank, warns:

> "If you augment too much your own borrowing, you might be punished by markets. If you are at the limits of what you can do, you can lose more with absence of confidence and loss of confidence than you would gain from the simple channelling of additional spending."

That is the very point that my hon. Friend the Member for Reading, East (Mr. Wilson) made about the nation's credit rating.

Daniel Kawczynski (Shrewsbury and Atcham) (Con): A very important group of savers is Equitable Life policyholders. Does my hon. Friend agree that the manner in which the Government announced their response to the parliamentary ombudsman means that there is a risk that the issue will be thrown into the long grass and that there will be a whitewash of the whole matter?

Mr. Hammond: As my hon. Friend will know, we have been calling for a very long time for the Government to publish their response on Equitable Life. We were surprised by the reference to the possibility of means-testing, but we will await the outcome of the deliberations that have been set in train to see exactly what is proposed for Equitable Life members. The Government need to ensure that that outcome is published sooner rather than later. *[Interruption.]* I hear the sedentary objection of the hon. Member for Leeds, East (Mr. Mudie) that I have not yet mentioned savers, but the title of the debate on the Order Paper is the "Effect of economic policy on savers", and I wish to spend another minute at most setting out the economic policy background. I shall then explain its impact on savers.

The point of my build-up is to make it clear that monetary intervention should be the principal tool for addressing a recession that is born of a credit system failure. It is wrong to pile up more debt to try to solve a problem caused by excessive borrowing. The Government should learn the simple and obvious lesson that one cannot borrow one's way out of debt.

We now have in place measures to support banks' ability to lend and borrow, through guarantees and the ring-fencing of toxic assets; direct lending to larger companies; reductions in interest rates in response to the threat of declining inflation; and, tucked away in the small print of Monday's announcement, preparations for quantitative easing—the printing of money—as a contingency. Those are the weapons that are now deployed in the battle to rescue Britain's economy.

Let me say clearly that it is a good thing for the economy that interest rates are falling. The sharp decline in the retail prices index posted yesterday and the 1.9 per cent. gap between RPI and RPIX, which essentially reflects changes in mortgage interest costs, underscore the massive effect of a monetary stimulus. For almost every family in Britain that has a variable rate or tracker mortgage, the impact of lower mortgage costs will far exceed the impact of the Government's so-called fiscal stimulus. Since October, interest rate cuts have saved British home owners billions, dwarfing the impact of the VAT cut.

However, that welcome relief comes at a price for all those who depend on savings and modest investments for their income. That means millions of British householders, almost by definition including many older people, who have done exactly the right thing for years, probably decades. They have saved diligently as they have worked hard, set their faces against the "buy now, pay later" culture and presciently been wary of the Prime Minister's boast to have ended boom and bust, and they have cautiously built some savings to fall back on in hard times. In short, they are the very people who have done what successive Governments have asked them to do—people who have behaved responsibly during the Prime Minister's age of irresponsibility. Now they are seeing their savings income slashed and their plans destroyed. To add to their anguish, many of them will have had small holdings in bank shares, which are a favourite of small investors and particularly of pensioners. Those holdings will have been almost completely annihilated in some cases.

We estimate that savers have lost something of the order of £22 billion of annual interest income as a result of the rate cuts over the past few months. Thirty-eight per cent. of no-notice accounts now pay less than 1 per cent.

[Mr. Philip Hammond]

interest. Some banks, for example, the Julian Hodge bank—one or two older Labour Members may remember that name—already offers 0 per cent. to savers with less than £1,000. Members of all parties will have anecdotal examples of constituents who are often retired and perhaps live on small company pensions plus state pensions, supplemented by a modest income from a small accumulation of lifetime savings. In many cases, the annual or semi-annual credit of interest to their accounts represents the only available free cash to buy small luxuries or replace big ticket items. Those people now feel betrayed. They are confused about why they should be punished, and bewildered by the fact that those who saved thriftily have to pay the price for a crisis created by those who borrowed and lent profligately.

The reasonable expectations of many millions of people, who have worked all their lives on modest incomes but have none the less scrimped and saved to support themselves in their retirement are being dashed. They are the innocent victims of Labour's recession. They deserve better.

We believe that Government have a responsibility to help people through the recession. Therefore, earlier this month, my right hon. Friend the leader of the Conservative party set out our proposals to deliver help to those who have suffered most from the collapse in interest rates, which has benefited those of us who are borrowers. Under our plans, the basic and lower rates of tax on savings income would be abolished. That means that anybody who earns less than £32,000 a year and has savings income will pay no tax on that savings income. That means a potential saving of up to £7,200 a year. In addition, we will increase the tapered older person's tax allowance by £2,000 a year, thus providing more support for those above retirement age, who are basic rate taxpayers and who find that the decline in their savings income means that they need to work to make ends meet in retirement. They could be up to £400 a year each better off after tax.

There is a further bonus for some of the lowest income savers in the country. Her Majesty's Revenue and Customs estimates that 3 million people in this country, who are on low incomes and are small savers, pay too much tax on their savings interest because they fail to claim the basic rate tax deducted at source, even though they are not liable to pay it. Under the Conservative plan to abolish savings income tax for all basic rate taxpayers, the banks and building societies would no longer deduct tax at source, ensuring that the 3 million low income savers would not pay unnecessary tax. At the same time, the tax system would be simplified.

David Taylor (North-West Leicestershire) (Lab/Co-op): The hon. Gentleman is making an interesting opening speech. Does he agree that, by definition, the poorest pensioners are those on the lowest incomes and that 60 per cent. of pensioners, who have the lowest incomes, currently pay no income tax? They will not benefit one iota from the hon. Gentleman's announcement. Those higher up the income spectrum can already make considerable use of individual savings accounts, which enable them to save in a tax-free environment.

Mr. Hammond: The hon. Gentleman is right to the extent that the package covers people who have planned throughout their lives on the basis that they were accumulating savings to provide themselves with an income in retirement. Their circumstances have radically changed through what has happened to interest rates in the past few months. He makes an important point about ISAs. Of course they are available, but 60-odd per cent. of small savers and a disproportionately high percentage of pensioners prefer to save in ordinary bank or building society accounts. Frankly, it is not for the Government how to tell them how they should save. We need to adapt the system to accommodate the problems that they are now facing rather than airily telling them that there is a solution if only they would do things in the way in which the Government would like.

Kelvin Hopkins (Luton, North) (Lab): Following the question from my hon. Friend the Member for North-West Leicestershire (David Taylor), the hon. Gentleman will know that something like £20 billion is already spent on tax relief for savers. The overwhelming majority of that goes to the rich and the better-off. Could not the hon. Gentleman pay for his scheme simply by taking away that £20 billion? If he does not do that, he will make the fiscal situation worse.

Mr. Hammond: If the hon. Gentleman has not already looked at our policy, which was announced several weeks ago, he should bear with me for a moment to understand exactly how we are going to pay for our proposal, as I shall spell it out.

Let me first give the House some examples of how our proposal will affect people. A 60-year-old couple who are retired and have a total pensions income of £12,000 a year each would be about £400 a year better off. A 40-year-old single mother who works part time and earns £10,000 a year, but who has some savings that produce £800 a year in income, would be £160 a year better off. Those over the retirement age who benefit from the older person's allowance would do even better. A 65-year-old couple who are retired with a total pensions income of £14,000 a year each currently pay £902 in income tax each, which amounts to £1,804 in total. The tax bill on their pensions would fall to just £502 each, making them about £800 better off in total. If they also had £1,000 a year each in interest from savings, they would pay nothing at all on that savings interest and would save another £400 a year, which means that they would be £1,200 a year better off in total. I could give other examples.

Mr. Adrian Bailey (West Bromwich, West) (Lab/Co-op): When petrol prices were at their peak last year, I can remember the hon. Gentleman arguing passionately that the Government should introduce a fuel duty adjustment process that would result in a cut when prices were high and trigger a compensatory amount when they dropped. Now that petrol prices have dropped, has he factored into his calculations what impact that 5p increase would have on savings, particularly those of people on low incomes and pensioners, and on the overall fiscal position? Or has he abandoned the proposal?

Mr. Hammond: The hon. Gentleman refers to the fuel duty stabiliser policy, which is a perfectly sensible mechanism. However, its impact would depend entirely on the point at which it was introduced. The measure is fiscally neutral over the fuel price cycle, but its impact at any point in time will depend on when it was introduced.

Let me address the point that the hon. Member for Luton, North (Kelvin Hopkins) made. The proposal that I have set out is a fully funded tax cut. It is not, as some members of the Government have claimed, a fiscal contraction. The proposal is to take money that the Government would have spent and give it back to a hard-pressed group of taxpayers to spend for themselves. We would fund the package for savers and pensioners by reducing the overall rate of growth in public expenditure in 2009-10 from the current projection of 3.4 per cent. to 2.6 per cent., producing a reduction in spending growth of £5 billion a year, of which £4.1 billion would be needed to fund the commitments that I have just set out, based on the Treasury's figures.

Mr. Robert Flello (Stoke-on-Trent, South) (Lab): Will the hon. Gentleman give way?

Mr. Hammond: I will give way in a moment, but let me finish spelling this point out first. Within that overall spending total, we are pledged to match the Government's existing plans for 2009-10 for spending on health, schools, defence and international development, with all other Departments receiving in aggregate a 1 per cent. real-terms increase.

Mr. Flello: If the hon. Gentleman's plan is to maintain spending on health, perhaps that answers my question, because I was going to ask him whether the Conservatives' list of things to axe included the brand-new £350 million hospital in Stoke-on-Trent, the oncology department or the new maternity unit. He may have answered that question, so what is he going to axe instead—the police officers and police community support officers in Stoke-on-Trent or Crossrail?

Mr. Hammond: The hon. Gentleman's Government are pledged to cut £5 billion from the previously projected spending total in the following year, 2010-11, and they say that they can do that without cutting any front-line services at all. May I therefore suggest that the hon. Gentleman address his question to them and ask how they will achieve that £5 billion spending cut?

The Financial Secretary to the Treasury (Mr. Stephen Timms): I do not think that the hon. Gentleman can duck my hon. Friend's question so easily. Let us take the transport budget, for example. What the hon. Gentleman is proposing is that, with effect from two and a half months' time, that budget will be reduced by £840 million. Where is the money going to come from?

Mr. Hammond: I think that the right hon. Gentleman knows this, but he is quite wrong to speculate what individual budgets would be. We have ring-fenced health, schools, defence and international development budgets; we have said that the remaining Departments will receive, in aggregate, a 1 per cent. real-terms increase. We have not—neither have the Government—allocated the projected spending increase outside those ring-fenced Departments to individual Departments at this stage.

Mr. Timms: The hon. Gentleman is simply going to have to do better than that. He is proposing changes with effect from two and a half months' time. He is telling the House that he has a proposal and he is asking the House to vote for it. It is a proposal to reduce Government spending by £5 billion, as he said, with effect from two and a half months from today. Where is the money going to come from?

Mr. Hammond: If the right hon. Gentleman will tell me which Departments are going to take the hit of his £5 billion reduction in 2010-11—*[Interruption.]* Well, he is telling the House that he can make those cuts without any reductions in front-line services. Let us suggest a few things that might be done. We could scrap some of the failing IT projects; we could stop hiring agency staff at £200 an hour; to tick the head-count reduction boxes, we could cut down on some of the consultants used in the civil service. Perhaps we could scrap the £62,000 dinners and ask the Health Secretary, who thinks that £1 million is small beer, whether he can come up with some ideas to help the right hon. Gentleman with his problem in 2010-11.

In order to deal with the Chief Secretary's claim that what we have announced represents a fiscal contraction, I want to cite what was said by Professor Christina Romer, the chair of President Obama's council of economic advisers. She found that the multiplier effect of tax cuts on the economy is as large as three, while the consensus multiplier from Government spending is about one. Our tax cuts will stimulate more spending and more growth than the additional £5 billion of Government spending would if it remained as Government spending.

Households everywhere are tightening their belts and businesses have had to make themselves more efficient and leaner in order to survive, so the Government must do the same. Indeed, as I have already said, the Government have committed themselves to reducing the growth of public expenditure by an additional £5 billion in 2010-11, and they say that they can achieve it without any cuts in public services. If it can be done in 2010-11—after a general election—why cannot it be done in 2009-10? The Government need to show the same sense of urgency that families and businesses are having to show to respond to this crisis in the real world. I commend that policy initiative to the Government. After all, the Prime Minister is on the record as saying that he would like to do something to help savers. I urge the Government to implement this policy in the 2009 Budget.

The Government can be as dismissive of our policy as they like at this stage, but my hon. Friends will remember that they were dismissive when we suggested the national loan guarantee scheme, but they adopted it. They were dismissive when we said that the preference shares to the banks were over-priced, but they have swapped them for ordinary shares without a guaranteed payment. They were dismissive when we said that the terms of the inter-bank credit guarantees were wrong, but they subsequently slashed the price. They said that our plan to provide tax breaks to employers who create jobs lacked credibility, but now they have done precisely what we proposed. They have adopted our proposals for the national loans guarantee scheme; they have adopted our proposals on financial incentives to employers; they have adopted our recommendations for changing the terms of the preference shares; and they have adopted our proposals on the inter-bank guarantees.

All that is not bad for a do-nothing party. The truth is that we are the do something effective party. Most, if not all, of the Government's effective interventions have been based on previously announced Conservative policy initiatives. *[Interruption.]* Government Ministers dare to suggest that we revel in the difficulties facing the economy, but let me tell—*[Interruption.]*

Mr. Deputy Speaker (Sir Alan Haselhurst): Order. I am sorry to interrupt the hon. Gentleman, but we should not have a sedentary argument going on across the Chamber, as it is detracting from the debate.

Mr. Hammond: Government Ministers have dared to suggest that we revel in the difficulties the economy is facing, but I tell the Minister this: nothing could be further from the truth. We have no wish to inherit a shipwreck. It is in all our interests to minimise the damage that this Government's recession will cause to the future prospects of the British economy and its ability to deliver on our aspirations for the future of our society.

I therefore urge the Government to consider—not for an immediate announcement, but for a Budget initiative—the proposals set out by the Conservative party. Instead of simply attacking them in a ritual party political response, why not look at them and consider their merits, in order to deliver relief to those hard-pressed savers and pensioners whom the Prime Minister himself has said he wants to help? Why do the Government not show some solidarity with struggling businesses, families and home owners across the country and commit not even to tightening their belt, but merely to reducing slightly the rate at which they are increasing the girth of their belt compared with what they had planned to do, and to doing so now instead of next year?

It is the responsibility of Government to provide, where they can, short-term support to those worst hit by the recession, but it is also the responsibility of Government to prepare the country for recovery. That means that responsible intervention by a Government during a recession must pass two tests: it must help people, families and businesses in the short term, but it must also strengthen the economy for the recovery. The Government's VAT cut failed that test: it is questionable whether it is helping anybody very much in the short term, but what is certain is that it will lead to higher debt and taxes, undermining confidence and undermining our economy in the recovery. Our proposed package to support savers will, by contrast, help some of those most severely affected during the recession, but will also send a powerful signal about the need to rebuild the savings culture in Britain.

David Taylor: The hon. Gentleman has cited the example of a pensioner couple aged over 60, each with a pension income of £12,000. Does he agree that a quick calculation suggests that they are likely to be in the second highest quintile of incomes and that therefore 60 per cent.—almost two thirds—of pensioners will gain absolutely nothing? What have the poorest pensioners done to deserve such neglect by the Conservative party in its economic policies?

Mr. Hammond: The hon. Gentleman is deliberately missing the point. There is always a case for helping the poorest pensioners, of course, but this is a specific initiative designed to deal with a group of people whose income has been catastrophically reduced in a very short period of time, and many of them, because they are retired, are no longer in a position to do anything about changing their planning for retirement. I am sure the hon. Gentleman has constituents who have contacted him to tell him that they are in such a situation. This is a targeted measure to deal with a particular group of victims of this recession who have been severely affected, and in our view the responsibility of a Government in a recession is to try to help those who are worst affected by it.

Mr. Jeremy Browne: Will the hon. Gentleman give way?

Mr. Hammond: No, I will not give way at present.

The catastrophic collapse of lending by our banking system has been precipitated in no small part by the excessive dependence on wholesale markets. Effectively, those wholesale markets hoover up deposits of households in countries which save and recycle them as lending to countries such as ours which borrow. Under this Government's watch, the UK savings ratio has declined from 9.7 per cent. in 1997 to just 1.8 per cent. at the last count. If we want Britain to kick the debt habit, and if we want to rebuild our economy on a sustainable basis and correct the huge external imbalances we have been running by borrowing money from foreigners so we can use it to buy their goods from them, we need to reinvent the savings culture in Britain. We need to undo the damage done by a decade of Government-encouraged borrowing and attacks on saving, like the Prime Minister's £5 billion a year tax raid on pension funds, and rebuild confidence after the fiasco of the lost pensions and Equitable Life, which has already been mentioned. We need to start the process now if Britain's economic recovery is to be built on a secure and stable financial footing.

The proposal that we put before the House today is one that delivers immediate help for hard-pressed savers, who have behaved responsibly during the age of irresponsibility, and clear support for savings after a decade of Labour's debt binge. It is paid for by restraint and prudence in the growth of Government spending—outside that spent on schools, health, defence and aid—now, not next year, as Labour is planning. We seek a culture of thrift at the heart of government and a culture of saving at the heart of our economy. These changes will help people through the recession and provide strong foundations for the new economy that the Conservatives plan to build as Britain emerges from it, and I commend them to the House.

5.5 pm

The Financial Secretary to the Treasury (Mr. Stephen Timms): I beg to move an amendment, to leave out from "House" to the end of the Question and add:

"recognises the effects the global financial instability is having across the world and on the UK economy; notes that, as a result of Government action on financial stability, no individual depositor in a UK financial institution has lost savings; notes that the cut in value added tax, increased child benefit and £60 payments to all pensioners are helping families and businesses across the UK; further notes that 60 per cent. of pensioners pay no tax at all; believes savings are important in providing people with independence and security throughout their lives; welcomes cross-party support for the Saving Gateway Accounts Bill to help those of working age on low income; believes that the Saving Gateway will build on the successful pilots since 2002 to create savings accounts with the Government matching each pound saved with a contribution; notes that around eight million people on benefits and tax credits will be eligible for this incentive to save; further recognises the successful role that Individual Savings Accounts have played over the last decade with over 18 million people, including one in five people from low-income groups, choosing this method to save tax-free; welcomes the fact that four million children now have child trust funds and millions more will benefit in future; and notes that the Government contribution to child trust funds increases to £500 both at birth and age seven for lower income families."

The world economy—we did not hear much about that in the speech made by the hon. Member for Runnymede and Weybridge (Mr. Hammond)—faces its biggest challenge in generations. The International Monetary Fund has said:

> "The world economy is now entering a major downturn in the face of the most dangerous shock in mature financial markets since the 1930s."

Our task in this global economic crisis is to navigate a path to get Britain through in the best possible shape and in a way that is fair to everybody. It is common ground in this debate that the crisis, with its impact on household finances and the necessary reduction in interest rates, is making saving harder. The policy priorities that I wish to set out in this debate are: first, providing clear incentives for people to save; secondly, good access to appropriate savings products; and, thirdly, improving the levels of financial capability.

Across the world, policy makers face tough challenges in responding to the global credit and commodity price shocks. Our macro-economic framework gives the Bank of England's Monetary Policy Committee the means to support the economy through these difficult times, avoiding unnecessary volatility without compromising the commitment to long-term stability. The primary objective of monetary policy is to deliver price stability in order to provide high and stable levels of growth and employment. It also benefits savers, because inflation erodes the value of savings. Yesterday's sharp fall in inflation, reflecting the impact of the VAT cut before Christmas, is welcome news for savers and others.

Mr. Andrew Tyrie (Chichester) (Con): The Minister opened his speech by saying that he wants to encourage saving. Will he say whether, over the next 12 months, he wants the British people to increase the share of their income that is saved, decrease it or keep it at the same level?

Mr. Timms: The household saving ratio has increased, but I shall come to what I have to say about savings in a few moments and I shall respond to the rather ill-thought-out proposal that the hon. Member for Runnymede and Weybridge put forward.

Daniel Kawczynski: The Minister welcomes the cut in the rate of inflation, but that rate is still significantly above the target set for the Bank of England. Is he not concerned, as we enter such a downturn, that we still have such high levels of inflation? That is a very toxic mix.

Mr. Timms: The hon. Member for Runnymede and Weybridge has just told the House that inflation is falling too fast. The projection that we set out at the time of the pre-Budget report is broadly right—inflation is likely to be on target next year. Although the hon. Member for Shrewsbury and Atcham (Daniel Kawczynski) is right to say that 3.1 per cent. is outside the Government's target range, the reduction from 4.1 to 3.1 per cent. is very welcome, not least for savers.

Mr. Hammond: The Minister has, disappointingly, described the package of proposals that I have set out as ill-judged. Does that mean he rules out the abolition of basic and lower rate savings income tax in the Budget?

Mr. Timms: I think that we do rule out £5 billion-worth of spending cuts in two and a half months' time.

Kelvin Hopkins: In saying that encouraging savers was the sensible thing to do, the Minister did not mention another factor—the security of savings. Given that the stock market is subject to many vagaries, and given the interest rate changes, does he agree that there is a strong case for a state bank, with guaranteed returns? It would be efficient and cheap to administer, because it would be a national scheme, and it would be something in which ordinary savers would have absolute confidence.

Mr. Timms: I always listen with great interest to my hon. Friend's contributions in such debates. He made an interesting contribution yesterday, and I hope that he will do so in this debate. However, the Government's view is that banks are best run in the commercial sector.

My hon. Friend was right to provide the opportunity to draw attention to the fact that, as a result of the Government's intervention, no individual saver with a UK bank has lost money in the turmoil of the past few months. On Monday, my right hon. Friend the Chancellor announced a further package of measures to support the banking system and to safeguard the millions of jobs at risk from the continuing difficulties in the financial system.

Mr. Tobias Ellwood (Bournemouth, East) (Con): Will the Minister give way?

Mr. Timms: I want to make a little more progress, but I will then gladly give way to the hon. Gentleman.

My right hon. Friend's package of measures was aimed at replacing the lending capacity lost because of the withdrawal by foreign banks and other institutions from lending in the UK and the barriers preventing UK banks from expanding their lending. The package extends existing measures to support the economy through the downturn, including the package of support for the financial system announced in October to protect ordinary savers and others, and the fiscal stimulus to support the wider economy announced in the pre-Budget report.

Saving is vital to provide independence throughout people's lives, security if things go wrong, and comfort in retirement. Since 1997, our strategy has been to promote saving and asset-ownership for all from childhood, through working life and into retirement. Our approach has been underpinned by the principle of progressive universalism—providing support to all, with the greatest support for those who need it most.

The market for savings is competitive, and several firms are offering rates well above the Bank of England's rate. Savers can boost their income from savings by shopping around for the best interest rates. Some attractive deals are available, and the Financial Services Authority publishes comparative tables of savings accounts in its money made clear programme.

Ms Keeble: Does my right hon. Friend agree that although increasing tax thresholds and providing tax breaks for savers is attractive, the biggest risk for pensioners is through the economic and banking instability that threatens their pension schemes? That is why the Government are right to prioritise economic, financial and banking stability through the current measures to secure stability for people in the longer term.

Mr. Timms: My hon. Friend is absolutely right. That is the Government's priority, and that is what we have been attending to. In a few moments, I will say a little more about the benefits for savers, but the proposals that the hon. Member for Runnymede and Weybridge made are much less attractive to savers than he suggests.

Mark Hunter (Cheadle) (LD): The Minister is right to encourage people to think more positively about saving. Does that mean that he now recognises that my hon. Friend the Member for Twickenham (Dr. Cable) was right back in 2003 when he warned about irresponsible levels of lending and pointed out that if the then Chancellor had not dismissed those warnings, more people might have been encouraged to save, instead of racking up more and more personal debt?

Mr. Timms: What has happened to the savings ratio is interesting. It has been on a long-term downward trend, and at the moment it is approximately where it was in the late 1950s. It went up until the end of the 1970s, and has been falling since. There has been a similar trajectory in the past couple of decades in most English-speaking countries.

The key statistic on savings ratios is net national saving, which combines the savings of households, firms and the Government, and I shall give the House some figures.

David Taylor: My right hon. Friend is right to say that savings ratios fluctuate. The Conservative spokesman quoted a higher rate in 1997, but in 1992 it was 1.1 per cent. In the 20 years to 2007—10 years under the Tories and 10 years under this Government—the average savings ratio was 3.7 per cent. and it was about that level in 2007. There is nothing surprising about that.

Mr. Timms: My hon. Friend is right. Net national saving as a percentage of gross domestic product was 3.4 per cent. in 2007, close to the average over the period since 1987 of 3.7 per cent., and much higher than the 1.1 per cent. low recorded in 1992—and, incidentally, much higher than the rate in the United States. It helps that British households are spending a smaller proportion of their income on debt interest. Total household sector interest payments are 6.2 per cent. of disposable income today, compared with more than 11.9 per cent. in 1990. That makes a big difference.

Mention has been made of ISAs. We introduced tax-advantaged individual savings accounts in 1999, and they have succeeded in developing and extending the saving habit and distributing tax relief more fairly. More than 18 million people—about one in three British adults—now have an ISA, many more than held the predecessor products. The annual investment limit for ISAs rose to £7,200, of which half can be saved in cash. We want ISA tax relief to be distributed as fairly as possible, so that support is targeted at those saving modest amounts. In that way, people who would otherwise not save can see the benefits of doing so.

Kelvin Hopkins: I understand that ISAs are aimed at people on modest incomes, but because tax relief on them is available at the higher rate, the rich ensure that they take full advantage every year. Would it not be better to restrict tax relief to the basic rate?

Mr. Timms: It is right that we have strong incentives for saving. The model that we have now provides those incentives and we have seen a good rate of take-up of ISAs among people on low incomes—significantly higher than was the case with PEPs and TESSAs—and that is important progress.

The hon. Member for Runnymede and Weybridge talked about tax on savings. As he knows, tax on savings interest is automatically deducted by banks and building societies at a rate of 20 per cent. through the tax deduction on savings interest scheme. We announced in the pre-Budget report a campaign to encourage some 1.5 million pensioners to register their accounts and so receive their interest tax-free, and of course that is an option available to anyone in that category. I hope that it will be widely taken up.

Mr. Hammond: The Financial Secretary is right in what he says about ISAs, but will he confirm that one in three savers is not saving through an ISA and that 40 per cent. of pensioner savers do not have ISAs? Older people perhaps tend to stick with what they know and, as I have said, we should change the system to accommodate them, rather than expecting them to adapt to the system.

Mr. Timms: I would hope that the hon. Gentleman would join me in drawing people's attention to the advantages of saving through an ISA. The tax-free cash amount of £3,600 is a large amount in terms of typical household saving, and it is right to draw people's attention to the opportunities available to save free of tax.

Mr. Hammond: I am sorry to press the Financial Secretary on this, but not enough is being done. He knows that the Government have been trying to get people to take up pension credit for the past five years with limited success. The Department for Work and Pensions has accepted the power of inertia and has set up the personal account scheme on a contracting-out basis rather than a contracting-in basis. Ministers can tell people about opportunities, but they cannot make them take them up. Would it not be more sensible to create a system that would give people the benefit of the tax relief automatically?

Mr. Timms: I shall come in a moment to the flaws in the hon. Gentleman's proposal, as I see them, and explain why I do not support it. However, I shall first return to my point, which was that I hope that he and other hon. Members would join me in drawing people's attention to the opportunities available for tax-free saving that anyone can take advantage of.

We have talked a great deal in this debate about pensioners. It is worth making the point that the reform of pensions that we have legislated for will lead to a significant boost in the attraction of pension saving, with mandatory matching employer contributions into personal accounts. Let us look at the things that we have already put in place. The above-indexation increases in the personal tax allowances in the 2007 Budget lifted 600,000 pensioners out of tax entirely. By April next year only 40 per cent. of pensioners over 65 will pay income tax at all, and 60 per cent. will pay no income tax. Of course, pensioners are benefiting this month from the additional £60 payment being made to them, and to others, too—*[Interruption.]* That is quite right; the Conservatives opposed that payment.

As we have heard, the Conservative party has proposed raising the personal allowance by £2,000 for people aged 65 and over, which would cost about £1 billion. As has been pointed out, that is of no benefit at all to the clear majority of pensioners who do not pay tax at all. The Conservatives propose to fund that, as we have heard, by cutting Government spending—a disastrous proposal as we move into a downturn like this one. Timing is key. The hon. Member for Runnymede and Weybridge is proposing a big reduction in Government spending at the point when, as all of us can see, we are moving into the most difficult downturn for a very long time.

Mr. Hammond: I must pick the Minister up on his use of slack phrasing. The proposal is not to cut government spending but to restrict the growth of public spending to a slightly lower level than that proposed by the Government.

Mr. Timms: As the House knows, the Government spending plans have been published and are being developed. They take effect in two and a half months' time, and the hon. Gentleman appears to be seriously telling the House that those figures should be reduced by £5 billion with effect from then. He does his party no favours by bringing to the House proposals that clearly have not been worked out. He has no idea where the £5 billion will come from, and he really should have an idea before he comes to speak at the Dispatch Box.

Ms Keeble: Did my right hon. Friend hear the hon. Member for Runnymede and Weybridge (Mr. Hammond) say that pension credit had been a limited success? It has helped thousands of pensioners in my constituency, particularly those with savings, and particularly women. The hon. Gentleman has not said whether he would make his tax cuts available to women pensioners who retire at 60; he has only mentioned pensioners over 65, excluding a great swathe of women pensioners who have a particularly hard time after retirement.

Mr. Timms: My hon. Friend is absolutely right. The pension credit has been a successful intervention in achieving a dramatic reduction in pensioner poverty, particularly among women.

Daniel Kawczynski: In the statement on Equitable Life last week, the Chief Secretary to the Treasury could not confirm that the first compensation payment will take place in 2009. The Government might even fail to meet the parliamentary ombudsman's criteria for full redress within the next two years. Will the Financial Secretary give me an assurance that he will do everything possible to try to work on an interim payment for some of our constituents, many of whom have waited for nine years for compensation and many of whom, regrettably, will die before compensation is paid?

Mr. Timms: As the hon. Gentleman knows, my right hon. Friend the Chief Secretary set out the scheme that we want to put in place. I can assure him that we will move forward with that as quickly as we can. There is nothing more I can say about that at this stage, but we certainly want to make quick progress.

Kelvin Hopkins: I agree very much with what my right hon. Friend is saying. The Opposition are talking about making Budget cuts worth £5 billion, and it is clear that local government—especially children's services—would be in the firing line. Budgets for children's services are under pressure already, but does he agree that the danger is that they could suffer even more, with the result that there would be more cases such as those of baby P and Victoria Climbié?

Mr. Timms: My hon. Friend is right. I think that local government would have to bear some £240 million of the cuts, and that children's services would have to accept their share of that. The Opposition's draconian proposal is being rushed forward on the pretence that everything could be done in a few weeks, when it clearly could not. It is especially ill advised to bring the proposal to the House at this point in the cycle, just as we enter the major downturn that all of us can see, and that the International Monetary Fund has talked about.

Mr. Ellwood: Will the Financial Secretary give way?

Mr. Timms: I failed to give way to the hon. Gentleman last time, so I will do so now.

Mr. Ellwood: I am grateful to the right hon. Gentleman for being so gracious. It was mention of the IMF that made me get to my feet. He glossed over Monday's efforts by referring simply to "further measures" that were to be taken, as if someone merely had to pop back to the shops to get a pint of milk in addition to the other groceries. It was a massive step to borrow more money in addition to the sums in the pre-Budget report, which were, of course, huge in their own right. Will the Financial Secretary tell us whether we will be drawn back to this Chamber, for a third time, to hear the announcement that we are to be bailed out by the IMF?

Mr. Timms: The announcements in October succeeded in saving the banking system. That has been recognised very widely, and this week we have set out a further set of measures aimed at restarting lending. In particular, the measures reflect the fact that so many non-UK banks have withdrawn lending. The Icelandic banks are the most obvious examples, but there are others as well. The measures are designed to fill some of the need that has not been filled until now.

I want to say a little more about the proposal that the hon. Member for Runnymede and Weybridge has put to the House. It is a classic "robbing Peter to pay Paul" policy, of the kind that only the do-nothing party opposite could have devised. I have mentioned the obvious problem with cutting government spending as we go into a recession. If the hon. Gentleman does not know what the problem is, I am certain that the new shadow Business Secretary will be happy to explain it to him.

The hon. Member for Runnymede and Weybridge has said roughly what he would do to fund his proposition. What is the benefit of the savage and swingeing cuts that are being proposed? He has not explained the planning behind them, or how they will be drawn up as we go into a recession.

Mr. Hammond: The Chancellor has said that he can find cuts worth £5 billion in 2010-11, so would the Minister describe those as "savage and swingeing"? If they are not, why is the £5 billion reduction in spending increases this year savage and swingeing?

Mr. Timms: As my right hon. Friend the Chancellor explained in the PBR, we have put in place a very careful piece of work. It began with the PBR, is to be reported on in the Budget and implemented a year after that, and it will allow us to make the savings that we have announced. The hon. Gentleman is saying that he could do the equivalent in a couple of months, thus allowing him to fund the proposal that he has put before the House. If I have understood him correctly, even on his own terms there will be a substantial fiscal contraction in 2010-11, because I presume that he will not be making further reductions beyond the £5 billion in that financial year. If he does want to make further reductions, we would be very interested to hear about them. Of course, the tax reduction that he proposes would stay in place in that year, with the result that there would be a large hole in the Opposition's spending plans.

Mr. Hammond: No, there would not.

Mr. Timms: Yes, there would. I should be very interested to hear the hon. Gentleman explain how he would make up that £5 billion, and I gladly give way to him.

Mr. Hammond: The Financial Secretary asks me a question, but if he thinks about it, it will be clear to him that lowering the rate of increase in Government spending in the current year would lower the baseline. Applying the increase that he proposes to apply the following year would mean that we would still have the savings to fund the tax-cut package that we have announced.

Mr. Timms: But the hon. Gentleman's argument to the House is that there is a set of measures that can be introduced this year, which otherwise would have been introduced the following year. He cannot have the money again in that following year—he will have spent it on the tax reduction—so there is a large hole of several billion pounds in his spending plans. He needs to explain where that money will come from.

Let me say a little about what the effect of the Opposition's proposal would be. The average family on less than £30,000 a year—the proposed beneficiary of the tax reduction—pays less than £5 a year tax on savings at present, so the average family would save £5 a year from the proposal. That is the price for the spending cuts that the hon. Gentleman is urging on the House.

As I said, 60 per cent. of pensioners do not pay tax. Of course, the VAT reduction is a significant help to them, with a retired single person benefiting to the tune of £110 on average from the VAT reduction, and a retired couple benefiting by £225. The new shadow Business Secretary was right to argue a few weeks ago that cutting VAT is the best kind of fiscal stimulus.

I had hoped to be able to explain to the House measures such as the saving gateway proposals, which I am glad have commanded widespread support. Those give people on lower incomes extra incentives for saving, and are to be introduced nationally next year. The child trust fund is an important innovation to encourage saving from early childhood. The employee share schemes that we introduced and encouraged have been very effective. We have offered debt advice support, and a developing programme of financial capability education in schools. Instead, given the time, I shall conclude.

The Government have taken comprehensive action to support the financial system that British businesses and individuals rely on. We are creating the right incentives to encourage saving and open up to everybody the benefits of banking, saving and other financial products. We are working to ensure that everyone who needs it can get free, impartial debt advice and the information to make informed financial decisions to provide for themselves and their families. We are navigating a path to get Britain through in the best possible shape, doing it in a way that is fair to everybody, and making sure that we are in a position to make the most of new opportunities when the recovery comes. The alternative urged upon us by the hon. Member for Runnymede and Weybridge would be unfair and deeply damaging to the economy at this point. I urge the House to reject the motion.

Several Hon. Members *rose—*

Mr. Deputy Speaker (Sir Michael Lord): Order. Before I call the Liberal Democrat spokesman, I inform the House that an eight-minute limit on Back-Bench speeches will apply once the Liberal Democrat spokesman has finished his remarks.

5.33 pm

Dr. Vincent Cable (Twickenham) (LD): I shall try not to test the patience of the House by giving another political rant on the state of the economy, the banking system and the rest of it. I will try to pay the motion the compliment of addressing the issue that it raises: the problem of savings. That is an entirely proper issue and it is timely. For the most part, I agree with the motion, but not with all of it.

I detect that the shadow Chief Secretary's speech is becoming a bit of a stump speech. It has at its heart two powerfully argued propositions, one of which is that this is a disastrous Government pursuing disastrous policies. The second is that this is an ungrateful Government pursuing Conservative policies and not expressing proper appreciation for doing so. From the Liberal Democrat point of view, those are entirely consistent arguments with which we have no difficulty in agreeing, but the hon. Member for Runnymede and Weybridge (Mr. Hammond) may have to decide which of the two he wants to pursue.

The hon. Gentleman is right that there is a savings problem. Savers are among the biggest casualties of the recession and it is right that we focus on why that is so and whether anything can be done to remedy their problems. He focuses on one group of savers who have a problem—people with variable interest deposits in banks. I am not sure what share of total British savings they account for, but almost all the hon. Gentleman's policy prescriptions are based on that narrow, specific group.

It is probably helpful to reflect on the wider problem of savers. The savers who are currently most concerned are those who are on defined contribution pension schemes, and people who are getting private pension notices through their door every quarter and dare not open the envelope because of the damage that has been done by the halving of the value of the stock exchange. This is where the real haemorrhage of savings is taking place. He is right to focus on deposit accounts or those that carry interest, but that is only one corner of a much bigger problem.

Before getting into the details of the policy, I want to try to look at the big macro-economic argument that flows backwards and forwards and that was unleashed by the Conservative leader's speech on savings a few weeks ago. There is a great danger of getting into a ludicrous caricatured argument that says on the one hand that spending is good, saving is bad, and on the other hand that saving is good, spending is bad. Lying behind a lot of the arguments we have that rather nonsensical polarisation of the argument.

Of course it is necessary and right that we think about ways of building up long-term savings. We have an ageing population and it is essential that savings are built up for long-term care, for pensions and, for the younger generation, for deposits on homes, for higher education and much else. So of course we have to think about policies to encourage long-term saving. The problem that we have at present is a substantial difficulty that many people have because they are frightened. They are frightened because they have lost a lot of value in their savings, and they are frightened because of the loss of their job. Because they are frightened, they do not spend the money that they would otherwise spend and therefore hoard it. The purpose of policy in this world, whether it is cutting interest rates or fiscal policy, is to try to encourage them to be confident enough to spend that money. That is in no way in conflict with a sensible policy of encouraging long-term savings.

David Taylor: Of course the hon. Gentleman is right; the definition of household saving is very narrow. Aggregate household assets are about £8.5 trillion, which is exactly five times the aggregate household debt that the shadow spokesman was agonising about a moment or two ago. The way in which many people save is by capital repayments of their mortgage, and that is not reflected in most of the figures that the hon. Gentleman used.

Dr. Cable: That is true, of course, but the household balance sheets have taken a hell of a knock, have they not, as a result of falling house prices, which accounts for a large part of those assets?

Daniel Kawczynski: May we have a firm answer from the Liberal Democrats on the issue of Equitable Life? Policyholders are claiming £5 billion in compensation as a result of the Government's regulatory failure. If the Liberal Democrats were in government—it is highly unlikely, but if they were—how much would the hon. Gentleman commit to paying of that £5 billion?

Dr. Cable: I am amazed at that intervention because when we had the statement last week, I was here and answered it unambiguously. I do not think that the shadow Chancellor or his deputy were here. I made it absolutely clear that we supported the ombudsman's recommendation. Several of my colleagues and several Conservative Members are rightly pressing for a proper debate and a proper statement about what the compensation scheme amounts to. It could be generous or it could be very limited; we do not know the details and we need to know what the Government are proposing. The principle behind the ombudsman's recommendation for compensation for the victims of mis-selling is clear, and I made that clear in my response last week.

Mr. Mudie: The hon. Gentleman mentions fear, but is there not another matter that I hope, in his pragmatic and common-sense way, he will raise, which is the interest rate paid by the banks, and the fact that while they would not pass on the rate cut for borrowers, they passed on the cut to savers? When Barclays now has a rate, not unusual and copied by many others, of 0.01 per cent.—in other words, a pensioner putting £1,000 in would get £1 a year interest—surely that must have a greater effect than anything that we can do on getting people to save.

Dr. Cable: The general public's complaint is that the banks are neither fully passing on interest rate cuts nor benefiting their depositors; they are trying to build up their margins. They have to do that, but it has not been enough.

I was glad that the hon. Member for Runnymede and Weybridge (Mr. Hammond) made it absolutely clear that he supported the policy of continuing low and falling interest rates. He was quite clear, so there is no point in my cross-questioning him about that. I am intrigued, however, because in debates I am often paired with the right hon. Member for Wokingham (Mr. Redwood), who gives a very good Conservative case; he is highly economically literate, and makes his case well. I think that he argues that interest rates should now be increased. I am glad that there is clarity about what appears to be a somewhat different approach starting from the same premises.

As the motion rightly says, the problem is that people who have very low interest rates on their bank deposits feel that they are suffering and disadvantaged. I understand that. People in my constituency often come up to me and say, "Isn't this awful? What are we going to do about it?" Some points can be made to reassure them. First, if we are going into a deflationary environment—as we almost certainly are; that is what the Bank of England is warning us about—merely to have a bank account that is increasing in real value in a world of falling prices is compensation in itself. We have not got to that point, so people are not seeing it, but that is coming down the road.

Furthermore—this relates to the Equitable Life intervention—we should stress that all bank depositors have been fully protected: their deposits have been guaranteed and completely underwritten by the state, and in that they are unlike investors in many other forms of saving. Finally, many bank depositors are enjoying a reasonable rate of interest on fixed-rate deposits. I happen to be married to somebody who, as much through accident as through anything else, has ended up with a 6 per cent. fixed interest account in the Nationwide. She is laughing all the way to the bank. Many borrowers, however, are not getting the advantage of low interest rates. The balance of advantage between borrowers and lenders is not at all straightforward.

Let me get to the heart of the issue. Given that savings are a problem in the long term, what should we do to help savers? I am thinking particularly of low-income savers, who are rightly the focus of the discussion. I was surprised that the hon. Member for Runnymede and Weybridge made no reference to one of the biggest sources of difficulty for low-income savers—the way in which the benefit system operates. People on pension credit effectively pay a 40 per cent. marginal rate of tax

[Dr. Cable]

because of how the tapering system operates. For people on low incomes, saving is not worth while because they are penalised through the pension credit system.

There is one particularly wicked inhibition on savings in the benefit system: if people with savings of £6,000 or more apply for pension credit, the Government assume that they are earning a 7 per cent. return on that account. That contrasts with 2 per cent. on main ISA deposits in national savings. Why is the rate 7 per cent., a penal disincentive to some of the poorest people in society? If we really tried to help people on low incomes with savings—that would come at a relatively low cost—we should address that anomaly. My colleagues did a calculation to the effect that about 500,000 really very poor people are being penalised £800 a year as a result of how the savings disregard system operates.

There is common ground in the House on how we should look at savings reform. Like a lot of Conservative Back Benchers over the years, Liberal Democrats push for reform of the annuity system, which is a major discouragement to many forms of saving. I ask the Minister to reflect on one technical point. In this current banking crisis, the mutuals are essentially at a relative advantage because they do not have to worry about shareholder return. But the building societies often report that they are at a considerable disadvantage in attracting savers because they have to pay disproportionately for the cost of the depositor protection scheme. They seem to have a good point, albeit a technical one, and I should be interested to know whether the Government accept their case.

Much more important than either of those two points is the fact that in order to save, consumers—savers—need to feel that they have a sense of protection and that they are not going to be ripped off by cowboys. We have had a couple of decades of endless scandals, with private pension mis-selling, endowment mortgages, split-cap trusts and, of course, Equitable Life. If people are operating in an environment where they know that their savings are not safe because they may have been mis-sold, they will not save. They must have very strong consumer protection in order that the savings culture can be revived.

Kelvin Hopkins: I agree with what the hon. Gentleman is saying. Is it not significant that the building societies that demutualised, many of which are now banks, have got into deep trouble, whereas most of the mutuals in the building society sector have survived relatively well? Perhaps we were mistaken in allowing the building societies to demutualise in the first place. Indeed, when I came here I tried very hard to persuade the Government to stop demutualisation.

Dr. Cable: We both did, but we did not succeed, and that was a loss. I entirely agree with that.

In conclusion, let me focus on the key policy issue of tax relief. The Conservative spokesman again brought to our attention the recommendations of the Low Incomes Tax Reform Group, which has for many years been putting in very carefully considered recommendations that have been largely disregarded; I hope that they will now be taken seriously. The hon. Gentleman's main proposal is for a standard rate of tax relief on interest on savings accounts. We should consider that seriously. We are in the run-up to a Budget, it is a thoughtful idea, and we should consider its strengths and weaknesses. I should point out, however, that when interest rates are very low it would be worth very little, for obvious reasons. It would benefit substantially only those with very large savings. A deposit of £100 at current interest rates probably attracts 40p in tax relief, while a deposit of £100,000 would attract £4,000 in savings, and that is where the benefits will go. I am not saying that it is a bad idea, but it operates primarily to the benefit of people in a high interest rate environment. I do not know whether the tax relief would continue when interest rates rose.

Mr. Philip Hammond *indicated assent.*

Dr. Cable: I get a nod. In the current context, however, it would make very little difference.

It is not entirely clear to me whether the cut-off point for standard rate interest would apply to higher earners. Presumably they would get the tax relief up to the upper earnings limit, if not beyond it. Is that correct?

Mr. Hammond: If the hon. Gentleman is asking whether higher rate taxpayers would benefit from this proposal, the answer is no, because, as I understand it, the basic and lower rate of savings tax is applicable only to basic rate taxpayers, not to higher rate taxpayers.

Dr. Cable: I thank the hon. Gentleman for that clarification. Presumably, then, they would derive no benefit at all. It would certainly be the case that very large savings accounts would benefit proportionately and substantially, but he is not saying that high earners would benefit. That is a helpful clarification.

I do not think that we differ enormously from the hon. Gentleman in our approach to this problem. We believe that there should be a tax cut for people on low incomes, which would apply to pensioners and non-pensioners and to earned and unearned income, but, unlike him, we believe that that should be paid for on a tax-neutral basis by high earners, including those people who currently derive substantial tax relief on upper earnings. I know that he does not agree with that, but we think that it is a more equitable way of doing it; it is certainly preferable to financing tax cuts at the bottom by non-discriminatory cuts in public spending of the kind proposed, which run completely contrary to the needs of an economy in the depths of recession. Because of the two lines at the end of his motion, we will not support it. That is a pity, because it had much good content and rightly attracts our attention to the major losses suffered by savers in the recession.

5.49 pm

Mr. Doug Henderson (Newcastle upon Tyne, North) (Lab): As the hon. Member for Twickenham (Dr. Cable) said, there is a risk in this debate that people might rant about economic policy. I am going to resist that temptation, and instead try to address the issue of how we should deal with savers in the current economic situation. I was disappointed in the hon. Member for Runnymede and Weybridge (Mr. Hammond), because a lot of his speech addressed the economic issues, and asked whether the Government were following the right course of action. I would like to reply to the points that he raised, but I will resist the temptation to do so now. However, those arguments have to be made. They have been made from our Front Bench, but I think that they should also be made from our Back Benches. The issue is whether we should do something, or do nothing, in response to the international economic crisis, but perhaps that debate is for another day.

This debate is about saving. I come from a family in which thrift was considered to be the right approach. My mother was no economic expansionist. She put money into a tobacco tin every week. I think she was a bit of a hoarder, and she might well have been encouraged by the present culture of holding funds rather than taking a risk on investments. That approach might have been in her interest, and even in the interest of the family, although I am not sure it would have been in the interest of the economy generally, had it been followed by everyone else in our village.

First, on a point of principle, is it always right to save? The answer is no, it is not. There are times, as the hon. Member for Twickenham said, when it is important to have high levels of spending; at other times, it is important to have high levels of saving. The imbalance in the world economy is because countries such as China have too high a savings ratio, while countries such as the United States and Britain have had too low a savings ratio over a long period of time. We need to get that back into balance.

Like many other Members, I have had letters from constituents saying, "I have been thrifty all my life. I have worked hard and put money away, and I expected it to supplement any pensions that I had when I retired. Now, I look at the return that I am getting, and it is so low that I feel as though I have lost everything. What are you, as a Member of Parliament, going to do about it?" We have to be realistic. We cannot promise what is not possible. The failure of the Conservatives' proposals today is that, in the present circumstances, they are the wrong ones. They would give a false sense of hope to the people in all our constituencies who are saying that they have lost their life savings. They have not lost capital sums, but they have lost the revenue that was being generated from those capital sums.

The problem with speaking after the hon. Member for Twickenham in a debate is that he steals a lot of the arguments along the way, but he was right in what he said about what would happen if the Conservative proposals were put into practice. I do not know what the average return is on a savings account today—I would be interested to know whether the Treasury has any figures on that—but let us say that it is 2 per cent. Actually, I would say that that was generous. In the opening speech from the hon. Member for Runnymede and Weybridge, a figure of £10,000 a year investment income was mentioned. That is not a lot of money, but to generate that now would require a huge capital sum—possibly £500,000, on the figures that I have given. It could be even more, as I do not think there is an average 2 per cent. return on savings at the moment. Only a very small group of savers has that kind of capital to invest.

The Conservative proposals would not help the poorer pensioners who are suffering from our economic ills at the moment, although they have had assistance from the Government, which is very welcome. The proposals would not address the problems of the poorest 60 per cent. of pensioners, or the many savers in our constituencies who have been getting in touch with us. If their savings income is very low, it does not matter how much tax relief we give them; it would be of very little benefit.

The Conservatives' motion calls for their proposals to be geared to the period in which we are pulling out of the recession. I am not sure that that would be wise either. The only way in which we can get higher levels of economic activity in this country is through higher levels of spending. That could be Government spending, private sector spending or a combination of the two. However, giving additional incentives to savers is not the right course of action at the moment because, on account of low returns on investments, it does not give any benefit to the people we are trying to help. When the economy begins to gather momentum and we begin to look to recovery would not be the time to adopt a policy to encourage saving in this country. The time to encourage saving is when we move back to a higher level of economic activity, whatever that is and whenever that may be. At that point we will need to make changes: for example, we need to reform our savings taxation structure, and it might then be appropriate to adopt some of the other policy changes that have been suggested. I do not know; it depends what the alternatives are, but the provision of additional incentives to savers is certainly not the appropriate policy at the moment.

The Conservatives have made that policy suggestion because they think that there are a lot of votes to be gained from traditional savers who are disillusioned by their current circumstances. That policy will not offer any significant help to those savers, and it is a con-trick and politically dishonest of the Conservatives to suggest otherwise. I do not have any bright ideas about this matter, but we have to look at other ways of giving help to those who have saved over the years and who are now in a difficult position.

Mr. Oliver Heald (North-East Hertfordshire) (Con): Would the hon. Gentleman agree that one of the problems with pension credits is that the assumption is made that there is a 10 per cent. return on a person's savings? How ludicrous is that in the current climate, and what would he do about it?

Mr. Henderson: That is a valid point and it needs to be addressed by the House, but the Conservatives' proposal is not an honest proposition to put to people who have real problems in our constituencies. I ask the Conservative party to reconsider its proposition. Let us not lead people down a blind alley on this. We could have a nasty political argument about it, but we have all agreed that we are not going to rant today—I hope that is so. Let us look at real propositions to help those who are suffering.

5.57 pm

Mr. Richard Spring (West Suffolk) (Con): All human beings have a powerful instinct to save—for their families, for themselves and for their retirement. Unfortunately, during the last few years, a disproportionate amount of saving has gone into bricks and mortar. It is as simple as that. The consequence is that people's reserves of actual saving have declined absolutely and relatively, and now that we are in a grievous economic situation, people cannot easily cope. That is the simple truth about what

[Mr. Richard Spring]

we face today. We are in a debt crisis. There is far too much personal debt, banking debt and Government debt. I would like to touch briefly on the personal debt and savings situation, which is so dire.

According to Credit Action, a national money education charity, during 2008 Britain's personal debt increased by £1 million every 10 minutes, 124 properties were repossessed every day and one person was declared bankrupt or insolvent every 4.8 minutes as an exact consequence of what I just mentioned. Household debt has grown enormously higher than that of virtually every other country, even the United States, with which we share certain economic similarities. The UK's overall household debt has now overtaken UK GDP. It currently sits at 109 per cent. of GDP—the highest in the G7. According to the chief economist of Citigroup, not only is it the highest in the G7, but the highest any G7 country has ever seen. That is the background to the current situation. Business interest repayments in personal debt have soared to £92 billion in the past 12 months. It is therefore absolutely essential in the long run that big changes are made. We need to move from an economy that this Government have built entirely on debt to one that is built more in a traditional way on savings. Britain needs to be encouraged to save for the future rather than to get further into debt, with all the consequences that we have seen. Unfortunately, the culture of saving is increasingly being replaced by a culture of dependency.

We have heard the statistics about the level of saving. In 1997 it was 9.9 per cent., and the latest figures suggest that it has now declined to 1.8 per cent. One might ask whether there is anything particularly unusual about that worldwide. OECD figures show that our savings ratios are far worse than those of almost all other industrial countries. The result is that in the current economic climate, many families across Britain are going into the recession without any real savings cushion.

Statistics published by the Alliance & Leicester reveal that 13.5 million Britons—28 per cent.—did not save at all in 2008. The same survey reveals that 18 per cent. of people dipped into their savings more last year to meet extra costs and bills, and the projection of attitudes in the coming year is even worse. The amount saved as a percentage of income has declined every autumn since 2005.

Being able to save money to provide future stability and security should not be exclusive to the affluent. No matter the size of their income, everybody should be encouraged to save. AXA has produced extraordinary figures showing that, amazingly, the only group of people who can save given the current financial and economic pressures are those earning more than £70,000 a year. That reflects the terrible squeeze on middle and lower-income earners, who have suffered grievously as a result of the interest rate reductions on their savings. The debt situation of 18 to 34-year-olds and people with mortgages also shows that the pressure is on.

The importance of families having savings cannot be stressed enough, yet according to research for MoneyExpert, nearly a third of adults would face financial disaster within two months if they lost their jobs. Half of them believe that they would last only a month. Given the tragedy of huge unemployment that is besetting us, we can see the consequences of such frightening statistics. We know about the decline in private and company pension scheme contributions, which have plummeted by 53 per cent. in the past 18 months, and people's fears about their savings and pensions are stronger than ever. In his 2008 Budget, the Chancellor mentioned that the Government were

"committed to encouraging more people to save."—*[Official Report, 12 March 2008; Vol. 473, c. 291.]*

There is absolutely no evidence that that is the case—quite the reverse.

By 2012, our national debt will be approaching £1 trillion, which means that for years to come there will be a debt burden and an interest rate burden on anyone wishing to save. The Bank of England has stated that deposit accounts now pay average interest of less than 1 per cent., and there is very limited attraction to individual savings accounts and other such accounts in the current circumstances.

I simply wish to make the point that we need to cut taxes for savers in the current economic climate, to help turn Britain from a spend, spend, spend society into a save, save, save society in the long run. As John Varley, the chief executive of Barclays, said last week,

"the Government needs to create a tax incentive for saving."

At least the Conservative party is putting forward plans to try to encourage exactly that process.

Many older savers who have acted responsibly during the years of irresponsibility now feel threatened and penalised, as Age Concern has commented. My hon. Friend the shadow Chief Secretary has set out exactly what the incentives should be, and I say simply that this is a matter of urgency. The tax incentives that we are offering to encourage saving should not be delayed. I urge the Government to listen carefully to what my hon. Friend says and adopt those measures in the forthcoming Budget, for all the reasons that I have given. They should not delay, for the sake of the future of this country and the stability and sense of security of millions of savers of all ages and from all groups in Britain.

6.4 pm

Emily Thornberry (Islington, South and Finsbury) (Lab): If we are to discuss savers' interests at such a time, we must begin by examining the context, which is the international financial turbulence. If nothing had been done in Britain, the banks would have collapsed and most of our savers would have lost everything. If we are to consider the effects of economic policy on savers, we should begin there.

The Government have not only taken action to save the British banking system and to work with others to fight the downturn in the international finance market, but we have recapitalised the banks, which stabilised the banking system when it was on the brink of catastrophic collapse. We are now making further agreements with banks to get them lending again to get us through this period and out of the recession as quickly and with as little pain as possible.

Our taking action last year and ignoring the Conservatives' pleas to do nothing meant that no individual saver in this country lost any money. The Conservatives now try to make political capital out of the difficulties by waving before us problems that savers may be suffering. We should ignore the Conservatives' crocodile tears. It is hard to take them seriously when one remembers the

Leader of the Opposition—the man in the shadows—advising Norman Lamont, who was Chancellor of the Exchequer when interest rates were 17 per cent. What help was that to savers?

It is hard to take Conservatives' crocodile tears seriously when they talk about helping savers, yet savers on less than £30,000 would benefit from the proposed changes by less than £5 a year. It is hard to take those crocodile tears seriously when 60 per cent. of pensioners would not benefit from the plans because they do not pay taxes. It is hard to take seriously Conservative Members' crocodile tears as they claim that they want to help savers, when that means that they would cut investment in public services during a downturn. That is economically illiterate.

Whatever help we may wish to give middle-income savers, I hope that we get assurances today that any such help will come when we are able to give it and not be at the expense of slowing public spending. Cutting public spending at such a time means undermining vital services, which help the poorest and those in most need.

The Conservative proposal would offer only limited help to some by cutting support and services for others, including those who need it most. The Leader of the Opposition has said that he would fund his idea by cutting investment in new Departments, but the figure given today was £4.1 billion. Where will that come from? Does it mean cutting the budget of the Department for Work and Pensions, when unemployment is unfortunately likely to increase? Does it mean cutting it to say good-bye to the proposed 220,000 apprenticeships? Does it mean cutting the new homes for social rent, when there are plans for another 10,000? Does it mean cutting investment in infrastructure, such as Crossrail? Surely it is not the time, when unemployment is unfortunately likely to increase, to cut infrastructure projects.

I appreciate that we are speculating about the jobs that Conservatives are contemplating cutting to raise the money, but we get no details from them, so they can hardly blame us for speculating on the effects of restricting Government budgets. We are told that the proposal will cost £4.1 billion, but if we cut back 1 per cent. of all the budgets, we would still be £500 million light. It has not been thought out. If one examines the way in which it was presented to the media, and considers the context in which David Cameron gave his answer—

Mr. Deputy Speaker: Order. The hon. Lady must remember that we do not refer to a Member of the House in that way. She must use the correct parliamentary language.

Emily Thornberry: On 5 January, the Leader of the Opposition, the right hon. Member for Witney (Mr. Cameron), stated:

> "Now what I would do, let's say there's an election April this year, I'm free, election April this year, I'd immediately instruct my ministers to go into their departments and say instead of the increase of perhaps 2 per cent. real terms you're expecting, it's a 1 per cent. real terms increase".

If that is how economic policy is developed in the Conservative party, one can understand the difficulties of those on the Opposition Front Bench in giving us the details today.

The spirit of the day is to quote the new American President. There can be no surer repudiation of the do nothing policy than that which he gave on 8 January, when he said of his plan:

> "There is no doubt that the cost of this plan will be considerable. It will certainly add to the budget deficit in the short-term. But equally certain are the consequences of doing too little or nothing at all, for that will lead to an even greater deficit of jobs, incomes, and confidence in our economy."

The Tories' plan to help just some middle-income savers does too little. By funding it through public service cuts they are doing nothing for the millions of people who are looking to the Government to help them get through the downturn.

6.11 pm

Mr. Brooks Newmark (Braintree) (Con): Under the Government's current economic policy, prudence seems to go unrewarded. Regrettably, the Government have still not reacted to the devastating consequences that interest rate cuts have brought to a generation of savers. The Government may be offering bail-out after bail-out to over-leveraged banks. However, they are failing to help, if not reward, those in our society who have put aside money in the form of savings, especially the more vulnerable in our society, such as pensioners, who are now seeing their standard of living drop daily.

We need a savings culture at the heart of our economy if it is to grow out of this recession. Thrift and prudence will ensure confidence and the ability to invest in the future. However, recent economic policy has only consolidated a longer-term trend that has emerged under this Government. That trend, which was exemplified by the Prime Minister when he was Chancellor, is towards a Government built on a mountain of debt and indulging in their own spending binge. Encouraged by the Government's poor household financial management, ordinary individuals have gone on a borrowing and spending binge too. The result is that in 2007 the household savings ratio fell to less than one third of what it was in 1997.

Cutting interest rates was indeed the right thing to do to deal with the current crisis. However, hanging savers out to dry in the process is completely unacceptable. We have now seen seven consecutive interest rate cuts—that is seven consecutive hits on savers and seven opportunities lost by the Government to give help to those who need it. Instead of looking after savers, the Government have written a blank cheque for the banks—many of them the very institutions that helped to create the economic mess. With taxpayers' money keeping them afloat, those same banks continue to slash interest rates on savings accounts, which have reached as low as 0.1 per cent. for some instant access accounts.

Savers and borrowers are confused about how to play the game of interest rate roulette. With low returns on savings, high borrowing costs and interest rate cuts not being passed on to borrowers, people simply do not know what to do. With poor savings rates on offer and a drop in confidence in the banks, it is projected that 45 per cent. of people are less likely to save in the next three months. What is it that people save for? They save to put a deposit on a house, help provide care for themselves in old age or send their children to university. Without savings, none of that can happen, and that will have grave consequences for our economic recovery.

[Mr. Brooks Newmark]

The Government may claim that their economic policies are offering real help to the people who need it most, but unfortunately those polices have failed to help the most vulnerable in our society—the poor and the elderly. With interest rates not expected to rise again in the near future, the Government must urgently create incentives to save again. Even bank bosses agree that we need tax incentives for our savers.

I thus ask the Minister at least to reflect on the proposals of my right hon. Friend the Member for Witney (Mr. Cameron) and the shadow Chancellor my hon. Friend the Member for Tatton (Mr. Osborne), as outlined in this debate by my hon. Friend the Member for Runnymede and Weybridge (Mr. Hammond): to reduce to zero the 10p starting rate and the 20p basic rate of tax on savings, so that basic rate taxpayers pay no tax at all on their income from savings, thus helping them by up to £7,200 a year; and, secondly, to increase age-related personal allowances by £2,000 for those aged 65 and over, benefiting them by up to £400 a year.

To conclude, this debt-addicted Government are doing nothing for those who have been more prudent than themselves. To borrow more money to get the country out of its problems, according to Dr. Tempest, is a bit like telling a heroin addict that he needs more heroin in order to recover. This country does not want a legacy of debt; it needs a culture of saving and a Government who are willing to take urgent action to make it happen.

6.16 pm

Kelvin Hopkins (Luton, North) (Lab): I am grateful for the opportunity to speak, unexpectedly, in the debate; I have a few points, which I hope will be helpful.

In a sense, we all have the same objective, which is to help the least well-off and those who are suffering most in these difficult economic circumstances. However, I think we are confusing two things: dealing with the current crisis, and what we should have for the long term in the form of savings mechanisms to encourage people to save. Those are two arguments, but we are rather confusing them at the moment.

As a number of hon. Members—most recently my hon. Friend the Member for Islington, South and Finsbury (Emily Thornberry)—have said, those who do not pay any tax will not benefit at all, and 60 per cent. of pensioners do not pay tax, so they will not benefit. I want an arrangement to help all the least well-off and to have it paid for by those who are most well-off: that is old-fashioned redistribution, which I have long supported, but it has been substantially reversed over the last 30 years. I have made the same speech many times about tax rates in the 1970s, comparing them with what they are now. If I had had my way, there would have been much more redistribution in the tax changes of the last 12 years, but I speak from the Back Benches and do not have much influence.

Tax relief on savings amounts to £20 billion a year—at least that, and possibly more—and most of it goes to those who save most, who are the rich, and those who pay most tax, who are the rich. It does not go to people on very low incomes. I suggest that one way of helping everyone on lower incomes would be to remove a substantial proportion of that tax relief and redistribute it into such things as the basic state pension. If we took that £20 billion and put it together with the £12 billion we are spending on cuts in VAT, that would amount to £32 billion a year. With 11 million pensioners, that works out, I believe, at about £3,000 a year per pensioner. Well, I think that would be an excellent way forward.

Interestingly, if that happened, the basic state pension would be about £150 a week, which it would have been if Mrs. Thatcher's first Conservative Government had not cut the link with earnings. At that time, the basic state pension rose to 25 per cent. of average earnings, but it has gone down to about 16 per cent. now. If we raised the basic state pension to £150 a week per person, and eliminated means testing in the process, we would overcome all those problems and address the difficulty that the basic state pension is now below the official poverty level. Through that simple change, we could thus kill several birds with one stone.

I think that we could even go beyond that and look at higher rate taxes as well. My view is that we need a substantial reform of the income tax regime—restoring the 10 per cent. rate for a start. I would raise the threshold for the 40 per cent. rate somewhat and perhaps put in a 30 per cent. rate band in there, but, more importantly, put higher rate tax bands way above that. Perhaps we could go a small way towards where we were in the 1970s, if not anything like all the way. That is the logic. Redistribution is the way to help those who are least well off, and everyone would benefit, including pensioners with low savings, especially if the means-testing component was got rid of, so all savings were additional to the basic state pension. That is the way forward.

Interestingly, this could be done without any change in fiscal stance. If we raise taxes on the rich and spend the money on the poor, the overall fiscal stance does not change, so we are talking not about additional spending, but about shifting the burden of expenditure on to the rich rather than the poor.

The Conservative Front-Bench spokesman rightly pointed out that the multiplier effects of giving money to the least well-off are much greater than those of giving money to the better-off. Poor people spend all their money, because they have to, so the multiplier effect of their incomes is much greater than it is for the rich. Therefore, redistributing income from the rich to the poor would boost general consumer demand as well. The rich have a low propensity to consume, because they do not know what to spend their money on as they have so much of it, while the poor have to spend more just on simple things like heating and food every week. That would benefit the economy.

As for the long-term problem of encouraging people to save, the reality is that final salary schemes, particularly in the private sector, are dying out. Private savings schemes are insecure, and they do not offer good returns. It is estimated that one third of the likely return in such schemes is taken up with the costs of administration, advertising and so forth. Therefore, what we need is a comprehensive, substantial and compulsory state earnings-related pension scheme—SERPS—for all, so we all save sensibly through our lives and when we retire we have a decent income related to our income during our working lives. That is the sensible way forward: a high basic state pension with no means-testing and a compulsory SERPS for all would overcome all the problems.

Finally, I have mentioned several times recently the idea of a state savings bank, where we could save our money and those on modest incomes would be guaranteed a return in the end. It would not be stock market-related, so it would not suffer if the stock market fell, and it would not be related to interest rate changes in the general economy, so ordinary people would know what they were getting back. There would be defined benefits and returns for their savings in a state savings bank. It would not, perhaps, provide the high returns of those who gamble on the stock exchange, but at least the income would be secure and would be above inflation, and the Government would have a good fund to invest in infrastructure. Also, because the bank would be in the state sector, it would, effectively, be underwritten. That is the way forward; that is what I want to see for the future, and I hope one day to persuade my Front-Bench colleagues to agree.

6.22 pm

Daniel Kawczynski (Shrewsbury and Atcham) (Con): During the Queen's Speech debate on 3 December last year, I tackled the Prime Minister over the Government response to Equitable Life. He promised me faithfully that the Government would respond before the Christmas recess. Regrettably, that did not happen, but, finally, last week we had a Government response.

Equitable Life policyholders have been battling for nine years over a demand for £5 billion in compensation, and I have to say that the apology the Government gave was long overdue. The Government refused to take responsibility for this fiasco, even though Lord Penrose's report highlighted failures in the Government Actuary's Department. I pay tribute to the parliamentary ombudsman, Ms Anne Abraham, who undertook a very robust investigation into this. I applaud her, and my faith in the whole parliamentary ombudsman system has been restored, because she has been pivotal in forcing the Government to make a statement on this issue.

The Treasury Minister who gave the Government statement admitted regulatory failure and apologised, but said the compensation would be means-tested. As my friend Mr. Mark Coote, Conservative candidate for Cheltenham, said to me yesterday, why is there total support for depositors of Icelandic banks but not for Equitable Life policyholders? That is an important question. The overall liability in Icelandic banks amounted to hundreds of millions of pounds, whereas we are talking about a sum of £5 billion for Equitable Life policyholders. I am very concerned that rather than having an honest policy across the board for depositors, the Government are choosing to have the kudos for supporting Icelandic bank depositors, but not Equitable Life depositors, simply because of the amounts of money involved.

A very important part of the ombudsman's findings was that there should be an independent tribunal to assess compensation and assess all individual claims fairly. Instead, the Treasury has asked former Lord Justice of the Court of Appeal, Sir John Chadwick, to advise on how compensation should be made, and to do so according to a very restrictive brief given to him. That concerns me greatly.

There are various questions that were not answered by last week's statement, and that is why I have said that I am concerned that this matter could end up as a whitewash, and be kicked into the long grass; the Minister outlined neither the scale of the compensation nor the timetable for it. Those factors have huge implications for Equitable Life policyholders, and the situation is causing them profound anger and further frustration. There are rumours that they will receive only a fraction of the £5 billion to which they are entitled. As I have said, the policy involves means testing, and that could cause huge delays in the payments.

Sir John Chadwick will decide things, and I will help any of my constituents who feel that they are being neglected in this matter. I will personally take their case to Sir John Chadwick when he sets up the adjudication panel. When will people get their money? The relevant Treasury Minister refused to confirm that payments will be made in 2009. Surely interim payments must be made. For these people to have waited such a long time, and for them now to be told that they may not even receive compensation in 2009, is simply unacceptable. Even more shockingly, the Treasury Minister says that the Government may not even be able to comply with the parliamentary ombudsman's request that this whole matter be done and dusted within two years. Again, that is simply unacceptable. So far, 30,000 people have died over the past nine years waiting to receive their help. I will hold the Government to account if any of my constituents—regrettably—dies while waiting for compensation, and I will demand that the compensation be given to their widows or widowers.

What happens next? Sir John Chadwick will have to find an office and staff to sift through the thousands of records that the Government want him to look out before awarding any payments. The Government need to give him proper resources. What resources will he be given to undertake this huge task that they have set him? How much will his budget be? What will Ministers do to ensure that the payments are made as quickly as possible? I feel so passionately about this matter, not least because of the letters that I have received from Equitable Life policyholders in my constituency, that I intend to set up the all-party group on Equitable Life policyholders, and campaign on their behalf. I will hold Sir John Chadwick and the Government to account over the next 12 months, to ensure that no stone is left unturned in this matter.

6.29 pm

Mr. George Mudie (Leeds, East) (Lab): I am grateful for the opportunity to speak, although I have been told that I must finish in five minutes.

I do not support the motion because it is clearly political. There is a theme running through politics at the moment. It is the Conservatives saying—they do not say it modestly, as the hon. Member for Twickenham (Dr. Cable) does—that they said something first. They hear of something, they say it and when Labour does it they say, "They are stealing our ideas." This is another such example; the Prime Minister came out of No. 10, there was an indication that he was considering this as part of the Budget and immediately it became an idea for the Conservatives. It was interesting that the Conservative spokesman tried to trap the Minister into saying that he objected to the idea and that he would not support it, when the hon. Gentleman knew that my hon. Friend might have to eat his words after the March Budget. Thanks to comments from the hon. Member for Twickenham and my hon. Friend the Member for

[Mr. George Mudie]

Newcastle upon Tyne, North (Mr. Henderson), it is clear that the Opposition proposal would not help the poorest savers because the return on their savings is so small that a tax rebate would be of little interest.

The best consequence of the debate has been the spotlight on interest rates for savers and the Treasury's calculations. The figure varied from 7 per cent. by Liberal Democrat Members to 10 per cent. by Conservative Members, but it is clearly not acceptable or realistic. If the Government were realistic and provided an actual figure, more people would be able to obtain tax credit, but they are being denied it at the moment because of the false figures based on their pensions. It is good that that has emerged from the debate.

Until the hon. Member for Braintree (Mr. Newmark) came on the scene, Opposition spokesmen, including those on the Liberal Democrat Bench, did not mention the real culprits. The debate started with the suggestion that the crisis was caused by the Labour Government, and we are so busy having a political argument that we have failed to mention the people who really caused it and who are prolonging it—the bankers. That should never be forgotten, and we should not allow the Conservatives to let them off the hook. To do so would be serious because the time will come for the House to introduce regulations to prevent a crisis from occurring and, when the hurt has passed, months later, the bankers will say, "You can't do that, because it would stop us making money." We will have forgotten how they behaved and the trauma that they caused. It is important to understand what they have done, to stop trying to make political capital, and to keep the real culprits in the dock.

Mr. Andrew Pelling (Croydon, Central) (Ind): Does the hon. Gentleman believe that regulation should be introduced so that we can set minimum rates for savers? He is right to say that tax relief on virtually no return is worth nothing. If we are going to regulate, perhaps we should regulate on that as well.

Mr. Mudie: I will not go down that road, because regulation is a major issue, and the argument will move on.

Saving is a matter not for the Government, but for the banks. When I mentioned the 0.01 per cent. interest that most major banks are paying to savers, the hon. Member for Twickenham said that the banks are recapitalising. Making saving unattractive is a strange way to recapitalise.

I made a point about a pensioner putting £1,000 into a Barclays account, which would earn a pound a year. How can the banks recapitalise with proper deposits—not the funny money that has caused all the trouble—if they are paying £1 a year interest on £1,000? The banks should be making saving attractive to bring new customers in. If they want to recapitalise, they should do so with money from customers.

I seem to have used up my time. We should keep the bankers in the dock, and they should do what they are not doing—play their full part in getting us out of this crisis.

6.34 pm

Mr. Robert Syms (Poole) (Con): I thank the hon. Member for Leeds, East (Mr. Mudie) for keeping his remarks short so that I have time to speak. All politicians are in favour of people saving, although we are not always in favour of people doing it yet. In the long term, saving is always good, but in the short term there are sometimes reasons for wanting people to spend.

People save in several ways, including through pensions. Unfortunately, partly because of the Government's changes to the tax regime and partly because of the history of pensions in recent years, many people do not now put their money into pensions, so we must restore confidence in the pension system. Another method of saving is through house purchase, but the recent housing boom has distorted the British economy. A third way of saving is by putting money into the bank, and there are several ways in which we can help people to increase their savings in the long term in order to help the economy.

The principal problem is that the unsustainable housing boom has been financed by banks, initially from depositors, but recently—over the past two or three years—from wholesale money markets, which have now dried up. The bubble has therefore burst. Most of the difficulties and problems that the banks are experiencing stem from property write-offs and reductions in the property market, rather than because they loaned money to Rover or Jaguar or a steel plant—enterprises that actually produce something. That is the real problem, and we are facing a credit crunch. Whoever is in government, the focus has to be on getting lending going again between banks and attracting funds. Otherwise, we will face a massive contraction. On the issue of the money supply, there is a real danger of money starting to contract if the banking system does not start to work properly.

The proposals made by my Front Bench colleagues today are not actually about saving. Savers tend to be elderly and there are seven times more of them than borrowers. So when interest rates are cut, borrowers tend to take the money and save it rather than spend it, but when they are increased, those who have small bank account savings tend to see it as part of their income and spend it. Many pensioners in Poole have lost income from the low interest rates, and my colleagues are trying—in a small way—to give some money back to those who are more likely to spend it on paying the gas bill or the council tax, or other ordinary, everyday expenses, because everybody is under pressure.

It has been claimed in this debate that those on lower income levels have more propensity to spend. Those who are elderly and who have savings accounts certainly have a higher propensity to spend if interest rates are increased. My right hon. Friend the Member for Wokingham (Mr. Redwood) has argued for higher interest rates, and indeed cutting interest rates to present levels can be deflationary, because individual borrowers save and savers, especially the elderly, do not spend. The principal beneficiaries of lower interest rates are probably companies and, in the long run, that may be a good thing. However, if the low interest rates reduce the incentive for people to save in the short term and have a detrimental impact on the elderly, that is to be deprecated.

In the long term, we need proposals to increase saving, and it would be welcome if they were cross-party proposals, because getting our citizens to save more needs cultural change. The hon. Member for Leeds, East was right: we need to get people to put more savings into banks and return to the traditional Captain Mainwaring type of banking instead of the recent approach of using hot money to stoke a boom in housing that, in the long run, will cause disruption in the economy and the loss of jobs, and hit our industrial capacity.

6.38 pm

Mr. Mark Hoban (Fareham) (Con): We have had a generally thoughtful debate about savings in the UK economy and the impact of the current economic crisis on savers.

My hon. Friend the Member for West Suffolk (Mr. Spring) gave an analytical view of the current state of the savings market, and provided a helpful backdrop to later contributions.

My hon. Friend the Member for Braintree (Mr. Newmark) set out very clearly the need for saving in the long term and why people should put some money aside for the future. My hon. Friend the Member for Shrewsbury and Atcham (Daniel Kawczynski) pointed out in his contribution on Equitable Life what happens when things go wrong. There has been an undue delay in helping policyholders in Equitable Life, which has consequently eroded the confidence of savers in the saving market. We need to bear that in mind.

The hon. Member for Poole (Mr. Syms) talked about the dependence on the wholesale market for funding in recent years. I will come to that later, but he is absolutely right to say that the savers' culture must be rebuilt to ensure that banks are less dependent on wholesale markets. That would make a significant contribution to increasing the stability of the economy as a whole.

The hon. Member for Twickenham (Dr. Cable) broadly supported some of the ideas that we have put in our motion today, and I am grateful for that.

The hon. Member for Newcastle upon Tyne, North (Mr. Henderson) said that there is nothing in the measure to help the poorest. I want to point out to him a comment that has popped up two or three times in the course of this afternoon's debate. There are people who have a savings income who pay no tax—or tax at only the 10 per cent. rate—who receive their savings net of tax and often do not know how to reclaim that tax. They are losing out. There is something in the policy for them, as it will make it easier for them to ensure that they receive their interest on a gross basis.

The hon. Member for Islington, South and Finsbury (Emily Thornberry) talked about how we would fund the policy. We have made a very clear proposal on how we would fund the tax reductions. We believe that that it is in the interests of the economy as a whole for that to take place.

The hon. Member for Leeds, East (Mr. Mudie) objected to the motion because it might be too political—I thought that the House of Commons was here to talk about the political issues. He alighted on a particular point that has raised concern among Members on both sides of the House, which is the rate of interest that is assumed for the calculation of pension credit. People might want to return to that topic and to think about it.

The hon. Member for Luton, North (Kelvin Hopkins) gave one of his typical speeches about the rate of tax. Let me point out to him that we have a state savings bank in National Savings and Investment, which raises money to help offset the national debt. It has been tasked with increasing the amount of money that it is to raise from savers this year. A state savings bank already exists, and that was perhaps the only point of agreement between us in our discussion this afternoon.

We need to return to the central point. Although it is right to tackle the recession using monetary policy and it is right to reduce interest rates, we need to remember that although low interest rates help to ease the position of borrowers, savers pay the price. As the returns on their ISAs and building society accounts tumble, so does their income. At a time like this it is right to help those people who depend on interest income. That is why our policy to scrap the basic rate of tax on interest for basic rate taxpayers is designed to help savers today. It will reward people who have done the responsible thing through the last decade and have put money aside. It will help to cushion them from the fall in interest income that they will have seen over the course of the past few months.

Our policy is not just a short-term policy. It is a policy for the long term. It is not just about helping people who are living off savings today, but about encouraging people to save in the long term. Over the course of the last decade, the Government have presided over a collapse in the savings ratio. As part of the golden economic legacy that the Government inherited in 1997, the savings ratio was 9.9 per cent. It has fallen to 1.8 per cent. In 1997, people saved £54 billion. In 2007, that figure was down to £20 billion. When the Government came into office, one in 10 families had no savings. The most recent figures show that one in three families have no savings.

We are paying the price for the casual attitude that the Government have shown towards savings over the past decade. People are entering the recession ill-prepared for the strain on their finances. The collapse in the savings ratio means that people with low savings are likely to face more financial distress. They do not have the money for a rainy day, the cash for an unexpected expense, or the buffer that will tide them over a period of unemployment or of short-time working.

The Government's amendment shows that they have been complacent. The measures that they have introduced, such as the child trust fund and the savings gateway, are so far unproven. They have not tried to encourage savings across the country as a whole.

The price of that complacency has been borne by families and business. Savings are the bedrock of family finances, but they are also the foundations of a stable economy. Without adequate UK savings, borrowers become increasingly dependent on the flows of capital into the UK. At the start of this decade, bank deposits broadly matched the amount of lending required in the economy. Cash in the bank was enough to fund loans to families and businesses, but the story of the decade has been that borrowing has risen without being matched by savings or bank deposits. Instead, it has been funded through international wholesale markets. In December, the Bank of England believed that the funding gap was £740 billion. That means that we need to find three quarters of a trillion pounds to fund borrowing at current levels.

The collapse of Northern Rock showed the perils of dependence on wholesale markets, which triggered the bank's collapse—

Mr. Henderson: Will the hon. Gentleman give way?

Mr. Hoban: No, as the hon. Gentleman and I have discussed Northern Rock many times before. I know that he has a particular constituency interest in that bank, but its business model depended not on UK savers but on being able to suck in money from across the world. Today, it is not just one bank that faces that problem but the banking sector and the economy as a whole.

Mr. Henderson: Will the hon. Gentleman give way on that point?

Mr. Hoban: I will.

Mr. Henderson: I am grateful to the hon. Gentleman, and I understand why wholesale banking is a target at the moment. However, if surplus funds in countries such as China have to work their way through the international banking system, can that happen only through deposits? Is there not a case for intermediary markets as well?

Mr. Hoban: We need to get the system into balance. Part of the problem at the moment is that we have been overly dependent on capital inflows. As my hon. Friend the Member for Runnymede and Weybridge (Mr. Hammond) said earlier, we are in effect borrowing money from overseas savers to buy the goods that we import.

Over the past few months, those flows have ceased to come into the UK economy, with the result that it has seized up. Credit has ceased to flow in the markets, and we must try and restore the correct balance between saving and borrowing. It is not about saying no to wholesale markets, but rather about getting the balance right. If we are to restore stability to the economy as a whole, we need to get a better balance between what people save, borrow and invest.

The savings culture is not just about families: it is also about businesses, and strengthening the foundation of the economy. By restoring the savings culture in the UK, we will help families take greater control over their finances. We will help them to take responsibility for the future and to ride out the bad times, but we will also increase the stability of the economy as a whole. We must decrease our dependence on wholesale capital flows, reduce volatility, and increase stability.

Over the past 10 years, the Government have neglected the savings culture and gambled with our economy. People who have depended on savings are facing hardship, and those without savings face fear and uncertainty. People need to save more: higher levels of saving will help them take responsibility for the future and ride out the rough times, and they will also support greater investment in the economy.

By neglecting savings and creating a "spend now, pay later" economy that is built on weak foundations, the Government have caused instability for families and businesses alike. The Opposition's plan to scrap the basic rate of tax on savings for basic-rate taxpayers is the right policy—not just for those who depend on savings for their income today, but to encourage tomorrow's savers too.

I believe that we need that change if we are to bring stability back into this country and put the right balance back in place. The Government have not really tackled that issue over the past decade, but that is the sort of change that we need. I believe that only a change of Government will bring it about.

6.49 pm

The Economic Secretary to the Treasury (Ian Pearson): For the most part, this has been a thoughtful debate, and to that extent I agree with the hon. Member for Fareham (Mr. Hoban). We had some good contributions from my hon. Friends the Members for Newcastle upon Tyne, North (Mr. Henderson), for Islington, South and Finsbury (Emily Thornberry), for Luton, North (Kelvin Hopkins) and for Leeds, East (Mr. Mudie), and contributions also from the hon. Members for West Suffolk (Mr. Spring), for Braintree (Mr. Newmark), for Shrewsbury and Atcham (Daniel Kawczynski) and for Poole (Mr. Syms).

In the years since the Labour Government came to power in 1997, we have had a savings record that we can be proud of. We have taken a number of steps to encourage saving. The system of individual savings accounts that we introduced in 1999 has been highly successful. As hon. Members know, around one in three British adults hold an ISA, and only last year we acted to make ISAs even more attractive to potential savers, making them more flexible and easier to use and raising the annual tax-free investment limit to £7,200.

The child trust fund that we introduced provides every child with £250 at birth, or £500 for children in lower income families, and again at the age of seven. The policy is designed to strengthen the saving habits of future generations, promote financial inclusion and ensure that at age 18 every child will have access to a financial asset. We are delighted that more than 4 million children now hold a child trust fund account.

We are implementing a new scheme, the savings gateway, which we hope will come into operation in 2010. The savings gateway is a cash savings scheme that aims to promote saving and financial inclusion for those on lower incomes, and it provides a financial incentive to save through a Government contribution of 50p for each pound saved in the scheme, up to a monthly limit. The scheme has already been positively piloted and it will help kick-start the saving habit among those who have not saved before, as well as helping those who are currently excluded to enter the financial mainstream. Furthermore, pensions tax relief of £30 billion gross is available.

The hon. Member for Runnymede and Weybridge (Mr. Hammond) fails to give credit where credit is due. By all means let us debate the savings-related issues that exist between our parties, but let us not forget that there are savings products out there that are benefiting individuals throughout the country. On the off-chance that a saver has tuned into the debate or might Google it at a future date and might want advice from hon. Members who participated in the debate, let me say that the Financial Services Authority, through its money made clear website, provides impartial, jargon-free advice. Many savings products on the market offer competitive rates and good deals.

It took the hon. Member for Runnymede and Weybridge 25 minutes to get on to the subject of saving. He started with a number of assertions, the most outstanding of which I found to be the assertion that there was an emerging consensus that a fiscal stimulus was not appropriate. I do not know who the hon. Gentleman has been talking to, but I do not believe that there is even a consensus on the subject in the new shadow Cabinet. The Conservatives are isolated in Europe, the United States is looking to introduce a further fiscal stimulus under its new President, the Germans recently announced a fiscal stimulus, and other countries are doing so.

When the hon. Gentleman pooh-poohs the Government's VAT cut—

Daniel Kawczynski: Will the Minister give way?

Ian Pearson: I shall go on and talk about the hon. Member for Shrewsbury and Atcham in a moment.

Let us talk about VAT. The hon. Member for Runnymede and Weybridge says that the measure is not working, but I think he is wrong. He knows that it is boosting demand to the tune of £12.5 billion into the UK economy. Even the right hon. and learned Member for Rushcliffe (Mr. Clarke) said that it was the right policy. If it is good enough for the shadow shadow Chancellor, it ought to be good enough for the hon. Member for Runnymede and Weybridge.

Mr. Philip Hammond: The Minister will know that on the day of pre-Budget report the shadow Secretary of State for Business, Enterprise and Regulatory Reform made it clear that, having heard the Chancellor's catastrophic projections of the level of deficit that he would be running, the VAT cut was simply not affordable, and he urged him to convey that message back to the Prime Minister.

Ian Pearson: I did not say that I agreed with the shadow shadow Chancellor on everything. He was right to say that the VAT cut is a most effective policy instrument, and we believe that this is making a difference. This is pounds in people's pockets now. The average family will save something in the region of £275 a year as a result of the Government's VAT cut, and that stands in stark contrast to the Tory tax proposals on savings, which will save the average family £5 a year.

The hon. Gentleman also needs to talk to his shadow Chancellor when he said earlier that higher rate taxpayers will not benefit from the proposals. My understanding of what the shadow Chancellor said on "Money Box" is that they would, and that higher rate taxpayers will get the 0 per cent. rate and the basic rate up to the top of the basic rate savings on their income, because savings are taxed like any other forms of income. I believe that the current proposals are effectively targeted. As he is aware, 60 per cent. of pensioners do not pay tax at the moment. Through ISAs people can save up to £3,600 a year in cash as a result of the Government's policies. When he talks about the savings ratio, he ignores the fact that in 2007 the savings ratio was 3.4 per cent. as a percentage of GDP, pretty close to the 3.7 per cent. average that we have seen during the last 20 years, and certainly higher than that of a number of other countries, notably the United States, but also Japan and Italy.

The hon. Member for Twickenham (Dr. Cable) made a typically thoughtful speech and I agree with him totally that we should not be polarising the argument: saving is good, spending is bad, or spending is good, saving is bad. He made a couple of technical points, one about the depositor protection scheme, on which I wanted to reply to him, because I appreciate the building societies' concerns in this matter. He will be aware that members of the Financial Services Compensation Scheme pay statutory levies in proportion to the size of their protected deposits. They benefit in the good times and it is right that they contribute in the bad times.

The hon. Gentleman also made a point about pension credit, and I think he talked about the 7 per cent. rate. We have not assumed a 7 per cent. interest rate, if I heard him correctly on this matter. Pension credit rules are more generous than those of the previous minimum income guarantee, and they assume a notional rate of income at a rate of £1 for every £500 or part of £500 savings held above the threshold. I hope that that clarifies the matter.

It was suggested that only the wealthy could afford to save. One in five people from low-income groups have an ISA compared with one in seven who used to have a TESSA or a PEP. People are saving through the child trust fund, and a third of those who save through save as you earn programmes earn £21,000 or less.

Since the Labour Government came to office, households are on average £1,250 a year better off in real terms. The poorest 20 per cent. of families are £4,100 a year better off. Whether it is through ISAs, personal pensions, the child trust fund, the forthcoming saving gateway scheme or higher rate tax thresholds for pensioners, we have put in place incentives for saving for everyone at every point in their lives.

I urge hon. Members to support the amendment in the name of the Prime Minister.

Question put (Standing Order No. 31(2)), That the original words stand part of the Question.

The House proceeded to a Division.

Mr. Deputy Speaker: I ask the Serjeant at Arms to investigate the delay in the No Lobby.

The House having divided: Ayes 162, Noes 364.

Division No. 19] [6.59 pm

AYES

Afriyie, Adam
Ainsworth, Mr. Peter
Amess, Mr. David
Ancram, rh Mr. Michael
Atkinson, Mr. Peter
Bacon, Mr. Richard
Baldry, Tony
Barker, Gregory
Baron, Mr. John
Bellingham, Mr. Henry
Benyon, Mr. Richard
Bercow, John
Beresford, Sir Paul
Binley, Mr. Brian
Blunt, Mr. Crispin
Bone, Mr. Peter
Boswell, Mr. Tim
Bottomley, Peter
Brazier, Mr. Julian
Brokenshire, James
Browning, Angela
Burns, Mr. Simon
Burrowes, Mr. David
Burt, Alistair
Butterfill, Sir John
Cameron, rh Mr. David
Carswell, Mr. Douglas
Cash, Mr. William
Chope, Mr. Christopher
Clappison, Mr. James

Clark, Greg
Clarke, rh Mr. Kenneth
Clifton-Brown, Mr. Geoffrey
Conway, Derek
Cormack, Sir Patrick
Cox, Mr. Geoffrey
Crabb, Mr. Stephen
Curry, rh Mr. David
Davies, David T.C. (Monmouth)
Davies, Philip
Djanogly, Mr. Jonathan
Dodds, Mr. Nigel
Dorrell, rh Mr. Stephen
Dorries, Mrs. Nadine
Duncan, Alan
Duncan Smith, rh Mr. Iain
Dunne, Mr. Philip
Ellwood, Mr. Tobias
Evans, Mr. Nigel
Evennett, Mr. David
Fabricant, Michael
Field, Mr. Mark
Fox, Dr. Liam
Fraser, Christopher
Gale, Mr. Roger
Garnier, Mr. Edward
Gauke, Mr. David
Gibb, Mr. Nick
Gillan, Mrs. Cheryl
Goodwill, Mr. Robert
Gove, Michael
Gray, Mr. James
Grayling, Chris
Green, Damian
Greening, Justine
Greenway, Mr. John
Gummer, rh Mr. John
Hague, rh Mr. William
Hammond, Mr. Philip
Hammond, Stephen
Harper, Mr. Mark
Hayes, Mr. John
Heald, Mr. Oliver
Heathcoat-Amory, rh Mr. David
Hendry, Charles
Herbert, Nick
Hoban, Mr. Mark
Hollobone, Mr. Philip
Horam, Mr. John
Howard, rh Mr. Michael
Howarth, Mr. Gerald
Jack, rh Mr. Michael
Jackson, Mr. Stewart
Jones, Mr. David
Kawczynski, Daniel
Kirkbride, Miss Julie
Knight, rh Mr. Greg
Lait, Mrs. Jacqui
Lancaster, Mr. Mark
Lansley, Mr. Andrew
Leigh, Mr. Edward
Lewis, Dr. Julian
Liddell-Grainger, Mr. Ian
Lidington, Mr. David
Loughton, Tim
Luff, Peter
Mackay, rh Mr. Andrew
Maclean, rh David
Main, Anne
Maples, Mr. John
Mates, rh Mr. Michael
Maude, rh Mr. Francis
May, rh Mrs. Theresa
McIntosh, Miss Anne
McLoughlin, rh Mr. Patrick
Mercer, Patrick
Miller, Mrs. Maria
Mitchell, Mr. Andrew
Moss, Mr. Malcolm
Mundell, David
Murrison, Dr. Andrew
Neill, Robert
Newmark, Mr. Brooks
O'Brien, Mr. Stephen
Osborne, Mr. George
Ottaway, Richard
Paice, Mr. James
Paterson, Mr. Owen
Penning, Mike
Prisk, Mr. Mark
Pritchard, Mark
Redwood, rh Mr. John
Robathan, Mr. Andrew
Robertson, Hugh
Robertson, Mr. Laurence
Rosindell, Andrew
Scott, Mr. Lee
Selous, Andrew
Shapps, Grant
Shepherd, Mr. Richard
Simmonds, Mark
Simpson, Mr. Keith
Soames, Mr. Nicholas
Spicer, Sir Michael
Spink, Bob
Spring, Mr. Richard
Stanley, rh Sir John
Steen, Mr. Anthony
Stuart, Mr. Graham
Swire, Mr. Hugo
Syms, Mr. Robert
Tapsell, Sir Peter
Taylor, Mr. Ian
Timpson, Mr. Edward
Tredinnick, David
Turner, Mr. Andrew
Tyrie, Mr. Andrew
Vaizey, Mr. Edward
Vara, Mr. Shailesh
Villiers, Mrs. Theresa
Walker, Mr. Charles
Wallace, Mr. Ben
Waterson, Mr. Nigel
Watkinson, Angela
Whittingdale, Mr. John
Widdecombe, rh Miss Ann
Willetts, Mr. David
Wilshire, Mr. David
Winterton, Ann
Winterton, Sir Nicholas
Wright, Jeremy
Young, rh Sir George

Tellers for the Ayes:
Mr. Bob Wilson and Bill Wiggin

NOES

Abbott, Ms Diane
Ainsworth, rh Mr. Bob
Alexander, rh Mr. Douglas
Allen, Mr. Graham
Anderson, Mr. David
Anderson, Janet
Armstrong, rh Hilary
Atkins, Charlotte
Austin, Mr. Ian
Austin, John
Bailey, Mr. Adrian
Baird, Vera
Balls, rh Ed
Banks, Gordon
Barlow, Ms Celia
Barrett, John
Barron, rh Mr. Kevin
Battle, rh John
Bayley, Hugh
Beckett, rh Margaret
Begg, Miss Anne
Beith, rh Sir Alan
Bell, Sir Stuart
Benn, rh Hilary
Berry, Roger
Betts, Mr. Clive
Blackman, Liz
Blackman-Woods, Dr. Roberta
Blears, rh Hazel
Blizzard, Mr. Bob
Bradshaw, Mr. Ben
Brake, Tom
Brennan, Kevin
Brooke, Annette
Brown, Lyn
Brown, rh Mr. Nicholas
Brown, Mr. Russell
Browne, rh Des
Browne, Mr. Jeremy
Bruce, rh Malcolm
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burgon, Colin
Burnham, rh Andy
Burt, Lorely
Byers, rh Mr. Stephen
Byrne, rh Mr. Liam
Cable, Dr. Vincent
Caborn, rh Mr. Richard
Cairns, David
Campbell, Mr. Alan
Campbell, rh Sir Menzies
Campbell, Mr. Ronnie
Carmichael, Mr. Alistair
Caton, Mr. Martin
Cawsey, Mr. Ian
Chapman, Ben
Clapham, Mr. Michael
Clark, Ms Katy
Clark, Paul
Clarke, rh Mr. Charles
Clegg, rh Mr. Nick
Clwyd, rh Ann
Coaker, Mr. Vernon
Connarty, Michael
Cook, Frank
Cooper, rh Yvette
Corbyn, Jeremy
Cousins, Jim
Crausby, Mr. David
Creagh, Mary
Cruddas, Jon
Cryer, Mrs. Ann
Cummings, John
Cunningham, Mr. Jim
Cunningham, Tony
Curtis-Thomas, Mrs. Claire
Davey, Mr. Edward
David, Mr. Wayne
Davidson, Mr. Ian
Davies, Mr. Dai
Davies, Mr. Quentin
Dean, Mrs. Janet
Denham, rh Mr. John
Devine, Mr. Jim
Dhanda, Mr. Parmjit
Dismore, Mr. Andrew
Dobbin, Jim
Dobson, rh Frank
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Dowd, Jim
Eagle, Angela
Eagle, Maria
Efford, Clive
Ellman, Mrs. Louise
Engel, Natascha
Ennis, Jeff
Etherington, Bill
Farrelly, Paul
Featherstone, Lynne
Field, rh Mr. Frank
Fisher, Mark
Fitzpatrick, Jim
Flello, Mr. Robert
Flint, rh Caroline
Flynn, Paul
Follett, Barbara
Foster, Mr. Don
Foster, Mr. Michael (Worcester)
Francis, Dr. Hywel
Gapes, Mike
Gardiner, Barry
George, Andrew
George, rh Mr. Bruce
Gibson, Dr. Ian
Gidley, Sandra
Gilroy, Linda
Godsiff, Mr. Roger
Goggins, Paul
Goodman, Helen
Griffith, Nia
Grogan, Mr. John
Gwynne, Andrew
Hain, rh Mr. Peter
Hall, Mr. Mike
Hamilton, Mr. David
Hamilton, Mr. Fabian
Hancock, Mr. Mike
Hanson, rh Mr. David
Harman, rh Ms Harriet
Harris, Dr. Evan
Harris, Mr. Tom
Harvey, Nick
Healey, rh John
Heath, Mr. David
Hemming, John
Henderson, Mr. Doug

Hendrick, Mr. Mark
Hepburn, Mr. Stephen
Heppell, Mr. John
Hesford, Stephen
Hewitt, rh Ms Patricia
Heyes, David
Hill, rh Keith
Hillier, Meg
Hodgson, Mrs. Sharon
Hoey, Kate
Holmes, Paul
Hood, Mr. Jim
Hoon, rh Mr. Geoffrey
Hope, Phil
Hopkins, Kelvin
Horwood, Martin
Hosie, Stewart
Howarth, David
Howarth, rh Mr. George
Howells, Dr. Kim
Hoyle, Mr. Lindsay
Hughes, rh Beverley
Hughes, Simon
Humble, Mrs. Joan
Hunter, Mark
Hutton, rh Mr. John
Iddon, Dr. Brian
Illsley, Mr. Eric
Ingram, rh Mr. Adam
Irranca-Davies, Huw
James, Mrs. Siân C.
Johnson, rh Alan
Johnson, Ms Diana R.
Jones, Mr. Kevan
Jones, Lynne
Jones, Mr. Martyn
Jowell, rh Tessa
Joyce, Mr. Eric
Kaufman, rh Sir Gerald
Keeble, Ms Sally
Keeley, Barbara
Keen, Alan
Keen, Ann
Kelly, rh Ruth
Kemp, Mr. Fraser
Kennedy, rh Mr. Charles
Kennedy, rh Jane
Khan, Mr. Sadiq
Kidney, Mr. David
Kilfoyle, Mr. Peter
Knight, rh Jim
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lamb, Norman
Lammy, rh Mr. David
Laws, Mr. David
Laxton, Mr. Bob
Lepper, David
Levitt, Tom
Lewis, Mr. Ivan
Linton, Martin
Lloyd, Tony
Llwyd, Mr. Elfyn
Lucas, Ian
Mackinlay, Andrew
MacNeil, Mr. Angus
MacShane, rh Mr. Denis
Mactaggart, Fiona
Malik, Mr. Shahid
Mallaber, Judy
Mann, John
Marris, Rob
Marsden, Mr. Gordon
Marshall-Andrews, Mr. Robert
McAvoy, rh Mr. Thomas
McCafferty, Chris
McCarthy, Kerry
McCarthy-Fry, Sarah
McCartney, rh Mr. Ian
McDonagh, Siobhain
McFadden, rh Mr. Pat
McGovern, Mr. Jim
McGuire, rh Mrs. Anne
McIsaac, Shona
McKechin, Ann
McKenna, Rosemary
McNulty, rh Mr. Tony
Meacher, rh Mr. Michael
Merron, Gillian
Michael, rh Alun
Miliband, rh Edward
Miller, Andrew
Mitchell, Mr. Austin
Moffat, Anne
Moffatt, Laura
Mole, Chris
Moon, Mrs. Madeleine
Moore, Mr. Michael
Moran, Margaret
Morgan, Julie
Mudie, Mr. George
Mulholland, Greg
Mullin, Mr. Chris
Munn, Meg
Murphy, Mr. Denis
Murphy, rh Mr. Paul
Naysmith, Dr. Doug
Norris, Dan
O'Brien, Mr. Mike
O'Hara, Mr. Edward
Olner, Mr. Bill
Öpik, Lembit
Osborne, Sandra
Owen, Albert
Palmer, Dr. Nick
Pearson, Ian
Pelling, Mr. Andrew
Plaskitt, Mr. James
Pope, Mr. Greg
Pound, Stephen
Prentice, Bridget
Prentice, Mr. Gordon
Prescott, rh Mr. John
Primarolo, rh Dawn
Prosser, Gwyn
Purchase, Mr. Ken
Purnell, rh James
Raynsford, rh Mr. Nick
Reed, Mr. Jamie
Reid, Mr. Alan
Reid, rh John
Rennie, Willie
Riordan, Mrs. Linda
Robertson, Angus
Robertson, John
Robinson, Mr. Geoffrey
Rogerson, Dan
Rowen, Paul
Roy, Mr. Frank
Roy, Lindsay
Ruane, Chris
Ruddock, Joan
Russell, Bob
Russell, Christine
Ryan, rh Joan
Salter, Martin
Sanders, Mr. Adrian
Sarwar, Mr. Mohammad
Seabeck, Alison
Sharma, Mr. Virendra
Shaw, Jonathan
Sheerman, Mr. Barry
Sheridan, Jim
Simon, Mr. Siôn
Simpson, Alan
Singh, Mr. Marsha
Skinner, Mr. Dennis
Slaughter, Mr. Andy
Smith, rh Mr. Andrew
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, Angela E. *(Basildon)*
Smith, Geraldine
Smith, rh Jacqui
Smith, Sir Robert
Soulsby, Sir Peter
Southworth, Helen
Spellar, rh Mr. John
Spink, Bob
Starkey, Dr. Phyllis
Stewart, Ian
Stoate, Dr. Howard
Straw, rh Mr. Jack
Stringer, Graham
Stuart, Ms Gisela
Stunell, Andrew
Sutcliffe, Mr. Gerry
Tami, Mark
Taylor, Ms Dari
Taylor, David
Taylor, Matthew
Taylor, Dr. Richard
Teather, Sarah
Thomas, Mr. Gareth
Thornberry, Emily
Thurso, John
Timms, rh Mr. Stephen
Tipping, Paddy
Todd, Mr. Mark
Touhig, rh Mr. Don
Trickett, Jon
Truswell, Mr. Paul
Turner, Mr. Neil
Twigg, Derek
Ussher, Kitty
Vaz, rh Keith
Vis, Dr. Rudi
Waltho, Lynda
Ward, Claire
Watson, Mr. Tom
Watts, Mr. Dave
Weir, Mr. Mike
Whitehead, Dr. Alan
Wicks, rh Malcolm
Williams, rh Mr. Alan
Williams, Mrs. Betty
Williams, Hywel
Williams, Mark
Williams, Mr. Roger
Williams, Stephen
Willis, Mr. Phil
Willott, Jenny
Wills, rh Mr. Michael
Wilson, Phil
Winnick, Mr. David
Winterton, rh Ms Rosie
Wishart, Pete
Wood, Mike
Woodward, rh Mr. Shaun
Woolas, Mr. Phil
Wright, Mr. Anthony
Wright, David
Wright, Mr. Iain
Wright, Dr. Tony
Wyatt, Derek
Younger-Ross, Richard

Tellers for the Noes:
Helen Jones and
Ms Dawn Butler

Question accordingly negatived.

Question put forthwith (Standing Order No. 31(2)), That the proposed words be there added.

The House divided: Ayes 293, Noes 218.

Division No. 20] **[7.16 pm**

AYES

Abbott, Ms Diane
Ainsworth, rh Mr. Bob
Alexander, rh Mr. Douglas
Allen, Mr. Graham
Anderson, Mr. David
Anderson, Janet
Armstrong, rh Hilary
Atkins, Charlotte
Austin, Mr. Ian
Austin, John
Bailey, Mr. Adrian
Baird, Vera
Balls, rh Ed
Banks, Gordon
Barlow, Ms Celia
Barron, rh Mr. Kevin
Battle, rh John
Bayley, Hugh
Beckett, rh Margaret
Begg, Miss Anne
Benn, rh Hilary
Berry, Roger
Betts, Mr. Clive
Blackman, Liz
Blackman-Woods, Dr. Roberta
Blears, rh Hazel
Blizzard, Mr. Bob

Bradshaw, Mr. Ben
Brennan, Kevin
Brown, Lyn
Brown, rh Mr. Nicholas
Brown, Mr. Russell
Browne, rh Des
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burgon, Colin
Burnham, rh Andy
Byers, rh Mr. Stephen
Byrne, rh Mr. Liam
Cairns, David
Campbell, Mr. Alan
Campbell, Mr. Ronnie
Caton, Mr. Martin
Cawsey, Mr. Ian
Chapman, Ben
Clapham, Mr. Michael
Clark, Ms Katy
Clark, Paul
Clarke, rh Mr. Charles
Clwyd, rh Ann
Coaker, Mr. Vernon
Connarty, Michael
Cook, Frank
Cooper, rh Yvette
Cousins, Jim
Crausby, Mr. David
Creagh, Mary
Cruddas, Jon
Cryer, Mrs. Ann
Cummings, John
Cunningham, Mr. Jim
Cunningham, Tony
Curtis-Thomas, Mrs. Claire
David, Mr. Wayne
Davidson, Mr. Ian
Davies, Mr. Quentin
Dean, Mrs. Janet
Denham, rh Mr. John
Devine, Mr. Jim
Dhanda, Mr. Parmjit
Dismore, Mr. Andrew
Dobbin, Jim
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Dowd, Jim
Eagle, Angela
Eagle, Maria
Efford, Clive
Ellman, Mrs. Louise
Engel, Natascha
Ennis, Jeff
Etherington, Bill
Farrelly, Paul
Field, rh Mr. Frank
Fisher, Mark
Fitzpatrick, Jim
Flello, Mr. Robert
Flint, rh Caroline
Flynn, Paul
Follett, Barbara
Foster, Mr. Michael
(Worcester)
Francis, Dr. Hywel
Gapes, Mike
Gardiner, Barry
George, rh Mr. Bruce
Gibson, Dr. Ian
Gilroy, Linda
Godsiff, Mr. Roger
Goggins, Paul
Goodman, Helen
Griffith, Nia
Gwynne, Andrew
Hain, rh Mr. Peter
Hall, Mr. Mike
Hamilton, Mr. David
Hanson, rh Mr. David
Harman, rh Ms Harriet
Harris, Mr. Tom
Healey, rh John
Henderson, Mr. Doug
Hendrick, Mr. Mark
Hepburn, Mr. Stephen
Heppell, Mr. John
Hesford, Stephen
Hewitt, rh Ms Patricia
Heyes, David
Hill, rh Keith
Hillier, Meg
Hodgson, Mrs. Sharon
Hoey, Kate
Hood, Mr. Jim
Hoon, rh Mr. Geoffrey
Hope, Phil
Hopkins, Kelvin
Howarth, rh Mr. George
Howells, Dr. Kim
Hoyle, Mr. Lindsay
Hughes, rh Beverley
Humble, Mrs. Joan
Hutton, rh Mr. John
Iddon, Dr. Brian
Illsley, Mr. Eric
Ingram, rh Mr. Adam
Irranca-Davies, Huw
James, Mrs. Siân C.
Johnson, Ms Diana R.
Jones, Mr. Kevan
Jones, Mr. Martyn
Jowell, rh Tessa
Joyce, Mr. Eric
Kaufman, rh Sir Gerald
Keeble, Ms Sally
Keeley, Barbara
Keen, Alan
Keen, Ann
Kelly, rh Ruth
Kemp, Mr. Fraser
Kennedy, rh Jane
Khan, Mr. Sadiq
Kidney, Mr. David
Kilfoyle, Mr. Peter
Knight, rh Jim
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lammy, rh Mr. David
Laxton, Mr. Bob
Lepper, David
Levitt, Tom
Lewis, Mr. Ivan
Linton, Martin
Lloyd, Tony
Lucas, Ian
Mackinlay, Andrew
MacShane, rh Mr. Denis
Mactaggart, Fiona
Malik, Mr. Shahid
Mallaber, Judy
Mann, John
Marris, Rob
Marsden, Mr. Gordon
Marshall-Andrews, Mr. Robert
McAvoy, rh Mr. Thomas
McCafferty, Chris
McCarthy, Kerry
McCarthy-Fry, Sarah
McCartney, rh Mr. Ian
McDonagh, Siobhain
McFadden, rh Mr. Pat
McGovern, Mr. Jim
McGuire, rh Mrs. Anne
McIsaac, Shona
McKechin, Ann
McKenna, Rosemary
McNulty, rh Mr. Tony
Meacher, rh Mr. Michael
Merron, Gillian
Michael, rh Alun
Miliband, rh Edward
Miller, Andrew
Moffat, Anne
Moffatt, Laura
Mole, Chris
Moon, Mrs. Madeleine
Moran, Margaret
Morgan, Julie
Mudie, Mr. George
Mullin, Mr. Chris
Munn, Meg
Murphy, Mr. Denis
Murphy, rh Mr. Paul
Naysmith, Dr. Doug
Norris, Dan
O'Brien, Mr. Mike
O'Hara, Mr. Edward
Olner, Mr. Bill
Osborne, Sandra
Owen, Albert
Palmer, Dr. Nick
Pearson, Ian
Pelling, Mr. Andrew
Plaskitt, Mr. James
Pope, Mr. Greg
Prentice, Bridget
Prentice, Mr. Gordon
Primarolo, rh Dawn
Prosser, Gwyn
Purchase, Mr. Ken
Purnell, rh James
Raynsford, rh Mr. Nick
Reed, Mr. Jamie
Reid, rh John
Riordan, Mrs. Linda
Robertson, John
Robinson, Mr. Geoffrey
Roy, Mr. Frank
Roy, Lindsay
Ruane, Chris
Ruddock, Joan
Russell, Christine
Ryan, rh Joan
Salter, Martin
Seabeck, Alison
Sharma, Mr. Virendra
Shaw, Jonathan
Sheerman, Mr. Barry
Sheridan, Jim
Simon, Mr. Siôn
Simpson, Alan
Singh, Mr. Marsha
Skinner, Mr. Dennis
Slaughter, Mr. Andy
Smith, rh Mr. Andrew
Smith, Ms Angela C.
(Sheffield, Hillsborough)
Smith, Angela E. *(Basildon)*
Smith, Geraldine
Smith, rh Jacqui
Soulsby, Sir Peter
Southworth, Helen
Spellar, rh Mr. John
Starkey, Dr. Phyllis
Stewart, Ian
Stoate, Dr. Howard
Straw, rh Mr. Jack
Stringer, Graham
Stuart, Ms Gisela
Sutcliffe, Mr. Gerry
Tami, Mark
Taylor, Ms Dari
Taylor, David
Taylor, Dr. Richard
Thomas, Mr. Gareth
Thornberry, Emily
Timms, rh Mr. Stephen
Tipping, Paddy
Todd, Mr. Mark
Trickett, Jon
Truswell, Mr. Paul
Turner, Mr. Neil
Twigg, Derek
Ussher, Kitty
Vaz, rh Keith
Vis, Dr. Rudi
Waltho, Lynda
Ward, Claire
Watson, Mr. Tom
Watts, Mr. Dave
Whitehead, Dr. Alan
Wicks, rh Malcolm
Williams, rh Mr. Alan
Williams, Mrs. Betty
Wills, rh Mr. Michael
Wilson, Phil
Winnick, Mr. David
Winterton, rh Ms Rosie
Wood, Mike
Woodward, rh Mr. Shaun
Woolas, Mr. Phil
Wright, Mr. Anthony
Wright, David
Wright, Mr. Iain
Wright, Dr. Tony
Wyatt, Derek

Tellers for the Ayes:
Ms Dawn Butler and
Helen Jones

NOES

Afriyie, Adam
Ainsworth, Mr. Peter
Amess, Mr. David
Ancram, rh Mr. Michael
Atkinson, Mr. Peter
Bacon, Mr. Richard
Baldry, Tony
Barker, Gregory
Baron, Mr. John
Barrett, John

Beith, rh Sir Alan
Bellingham, Mr. Henry
Benyon, Mr. Richard
Bercow, John
Beresford, Sir Paul
Binley, Mr. Brian
Blunt, Mr. Crispin
Bone, Mr. Peter
Boswell, Mr. Tim
Bottomley, Peter
Brake, Tom
Brazier, Mr. Julian
Brokenshire, James
Brooke, Annette
Browne, Mr. Jeremy
Browning, Angela
Bruce, rh Malcolm
Burns, Mr. Simon
Burrowes, Mr. David
Burt, Alistair
Burt, Lorely
Butterfill, Sir John
Cable, Dr. Vincent
Cameron, rh Mr. David
Campbell, rh Sir Menzies
Carmichael, Mr. Alistair
Carswell, Mr. Douglas
Cash, Mr. William
Chope, Mr. Christopher
Clappison, Mr. James
Clark, Greg
Clarke, rh Mr. Kenneth
Clifton-Brown, Mr. Geoffrey
Conway, Derek
Cormack, Sir Patrick
Cox, Mr. Geoffrey
Crabb, Mr. Stephen
Curry, rh Mr. David
Davey, Mr. Edward
Davies, Mr. Dai
Davies, David T.C. *(Monmouth)*
Davies, Philip
Djanogly, Mr. Jonathan
Dodds, Mr. Nigel
Dorrell, rh Mr. Stephen
Dorries, Mrs. Nadine
Duncan, Alan
Duncan Smith, rh Mr. Iain
Dunne, Mr. Philip
Ellwood, Mr. Tobias
Evans, Mr. Nigel
Evennett, Mr. David
Fabricant, Michael
Featherstone, Lynne
Field, Mr. Mark
Foster, Mr. Don
Fox, Dr. Liam
Fraser, Christopher
Gale, Mr. Roger
Garnier, Mr. Edward
Gauke, Mr. David
George, Andrew
Gibb, Mr. Nick
Gidley, Sandra
Gillan, Mrs. Cheryl
Goodwill, Mr. Robert
Gove, Michael
Gray, Mr. James
Grayling, Chris
Green, Damian
Greening, Justine
Greenway, Mr. John
Gummer, rh Mr. John
Hague, rh Mr. William
Hammond, Mr. Philip
Hammond, Stephen
Hancock, Mr. Mike
Harper, Mr. Mark
Harris, Dr. Evan
Harvey, Nick
Hayes, Mr. John
Heald, Mr. Oliver
Heath, Mr. David
Heathcoat-Amory, rh Mr. David
Hemming, John
Hendry, Charles
Herbert, Nick
Hoban, Mr. Mark
Hollobone, Mr. Philip
Holmes, Paul
Horam, Mr. John
Horwood, Martin
Hosie, Stewart
Howard, rh Mr. Michael
Howarth, David
Howarth, Mr. Gerald
Hughes, Simon
Hunter, Mark
Jack, rh Mr. Michael
Jackson, Mr. Stewart
Jones, Mr. David
Kawczynski, Daniel
Kennedy, rh Mr. Charles
Kirkbride, Miss Julie
Knight, rh Mr. Greg
Lait, Mrs. Jacqui
Lamb, Norman
Lancaster, Mr. Mark
Lansley, Mr. Andrew
Laws, Mr. David
Leigh, Mr. Edward
Lewis, Dr. Julian
Liddell-Grainger, Mr. Ian
Lidington, Mr. David
Llwyd, Mr. Elfyn
Loughton, Tim
Luff, Peter
Mackay, rh Mr. Andrew
Maclean, rh David
MacNeil, Mr. Angus
Main, Anne
Maples, Mr. John
Mates, rh Mr. Michael
Maude, rh Mr. Francis
May, rh Mrs. Theresa
McIntosh, Miss Anne
McLoughlin, rh Mr. Patrick
Mercer, Patrick
Miller, Mrs. Maria
Mitchell, Mr. Andrew
Moore, Mr. Michael
Moss, Mr. Malcolm
Mulholland, Greg
Mundell, David
Murrison, Dr. Andrew
Neill, Robert
Newmark, Mr. Brooks
O'Brien, Mr. Stephen
Öpik, Lembit
Osborne, Mr. George
Ottaway, Richard
Paice, Mr. James
Paterson, Mr. Owen
Penning, Mike
Prisk, Mr. Mark
Pritchard, Mark
Redwood, rh Mr. John
Reid, Mr. Alan
Rennie, Willie
Robathan, Mr. Andrew
Robertson, Angus
Robertson, Hugh
Robertson, Mr. Laurence
Rogerson, Dan
Rosindell, Andrew
Rowen, Paul
Russell, Bob
Sanders, Mr. Adrian
Scott, Mr. Lee
Selous, Andrew
Shapps, Grant
Shepherd, Mr. Richard
Simmonds, Mark
Simpson, Mr. Keith
Smith, Sir Robert
Soames, Mr. Nicholas
Spicer, Sir Michael
Spink, Bob
Spring, Mr. Richard
Stanley, rh Sir John
Steen, Mr. Anthony
Stuart, Mr. Graham
Stunell, Andrew
Swire, Mr. Hugo
Syms, Mr. Robert
Tapsell, Sir Peter
Taylor, Mr. Ian
Taylor, Matthew
Teather, Sarah
Thurso, John
Timpson, Mr. Edward
Tredinnick, David
Turner, Mr. Andrew
Tyrie, Mr. Andrew
Vaizey, Mr. Edward
Vara, Mr. Shailesh
Villiers, Mrs. Theresa
Walker, Mr. Charles
Wallace, Mr. Ben
Waterson, Mr. Nigel
Watkinson, Angela
Weir, Mr. Mike
Whittingdale, Mr. John
Widdecombe, rh Miss Ann
Willetts, Mr. David
Williams, Hywel
Williams, Mark
Williams, Mr. Roger
Williams, Stephen
Willis, Mr. Phil
Willott, Jenny
Wilshire, Mr. David
Winterton, Ann
Winterton, Sir Nicholas
Wishart, Pete
Wright, Jeremy
Young, rh Sir George
Younger-Ross, Richard

Tellers for the Noes:

Bill Wiggin and
Mr. Rob Wilson

Question accordingly agreed to.

The Deputy Speaker declared the main Question, as amended, to be agreed to (Standing Order No 31(2)).

Resolved,

That this House recognises the effects the global financial instability is having across the world and on the UK economy; notes that, as a result of Government action on financial stability, no individual depositor in a UK financial institution has lost savings; notes that the cut in value added tax, increased child benefit and £60 payments to all pensioners are helping families and businesses across the UK; further notes that 60 per cent. of pensioners pay no tax at all; believes savings are important in providing people with independence and security throughout their lives; welcomes cross-party support for the Saving Gateway Accounts Bill to help those of working age on low income; believes that the Saving Gateway will build on the successful pilots since 2002 to create savings accounts with the Government matching each pound saved with a contribution; notes that around eight million people on benefits and tax credits will be eligible for this incentive to save; further recognises the successful role that Individual Savings Accounts have played over the last decade with over 18 million people, including one in five people from low-income groups, choosing this method to save tax-free; welcomes the fact that four million children now have child trust funds and millions more will benefit in future; and notes that the Government contribution to child trust funds increases to £500 both at birth and age seven for lower income families.

Daniel Kawczynski: On a point of order, Mr. Deputy Speaker. I am extremely shocked about what I am going to say. I was about to make my speech in the debate on savers when I received a note from my office saying that there was a police officer there, demanding to see correspondence. The police were already present in my

[Daniel Kawczynski]

office and I went to see them after making my speech. They said that they were investigating an important case with regard to correspondence that had been sent to Ministers and wanted to see handwriting samples from people who had written to me. I am appalled that officers can behave in that way—entering a Member of Parliament's office, with no warrant, and demanding constituency correspondence. To my great embarrassment and eternal shame, I was so weak that I handed over the letter from my constituent that they demanded. I will have to live with that, but I am extremely embarrassed about it. After everything that has happened to my hon. Friend the Member for Ashford (Damian Green), it is disgraceful that this is happening and I urge you to investigate.

Mr. Tobias Ellwood: Further to that point of order, Mr. Deputy Speaker. It is clear that shocking events are taking place. Is it not appropriate for the Home Secretary to come here to make a statement? We had assurances that no offices would be entered unless a warrant was produced. That clearly has not happened today and we deserve some sort of clarification from the Home Secretary.

Mr. Deputy Speaker: I understand the great concern of the hon. Member for Shrewsbury and Atcham (Daniel Kawczynski). Clearly, I have no knowledge of the matter, but if it is as he says, it is obviously extremely serious, and my advice is to take it to the House of Commons authorities as quickly as possible.

Sir Patrick Cormack (South Staffordshire) (Con): Further to that point of order, Mr. Deputy Speaker. I was standing at the Bar of the House when my hon. Friend the Member for Shrewsbury and Atcham (Daniel Kawczynski) raised his point of order, of which I had no knowledge at all. It seems to me, Sir, that you are representing Mr. Speaker. Should the matter not be referred immediately by you to him?

Mr. Deputy Speaker: The House will have heard the point of order that has been raised. Hon. Members on both Front Benches have heard it, too. I can clearly report the matter immediately to Mr. Speaker and he will take whatever action he deems appropriate. That is all that we can do for the time being. My advice to the hon. Member for Shrewsbury and Atcham was on the course of action that he should take. I was not advising him of the course of action that I will take, which is as described by the hon. Member for South Staffordshire (Sir Patrick Cormack).

Business without Debate

DELEGATED LEGISLATION

Mr. Deputy Speaker: With the leave of the House, we will take motions 22 to 26 together.

Motion made, and Question put forthwith (Standing Order No. 118(6)),

DEFENCE

That the draft International Headquarters and Defence Organisations (Designation and Privileges) (Amendment) Order 2008, which was laid before this House on 23 October, in the previous Session of Parliament, be approved.

That the draft Visiting Forces and International Headquarters (Application of Law) (Amendment) Order 2008, which was laid before this House on 23 October, in the previous Session of Parliament, be approved.

MERCHANT SHIPPING

That the draft Merchant Shipping and Fishing Vessels (Port Waste Reception Facilities) (Amendment) Regulations 2009, which were laid before this House on 4 December, be approved.

STATISTICS

That the draft Statistics and Registration Service Act 2007 (Disclosure of Pupil Information) (England) Regulations 2009, which were laid before this House on 10 December, be approved.

INTERNATIONAL IMMUNITIES AND PRIVILEGES

That the draft European Union Military Staff (Immunities and Privileges) Order 2008, which was laid before this House on 23 October, in the previous Session of Parliament, be approved.—*(Ian Lucas.)*

Question agreed to.

SECTION 5 OF THE EUROPEAN COMMUNITIES (AMENDMENT) ACT 1993

Motion made, and Question put forthwith (Standing Order No. 118(6) and Order 9 December),

That this House takes note with approval of the Government's assessment as set out in the Pre-Budget Report 2008 for the purposes of Section 5 of the European Communities (Amendment) Act 1993.—*(Ian Lucas.)*

The Deputy Speaker's opinion as to the decision of the Question being challenged, the Division was deferred until Wednesday 28 January (Standing Order No. 41A).

DELEGATED LEGISLATION

Mr. Deputy Speaker: With the leave of the House, we will take motions 28 and 29 together.

Motion made, and Question put forthwith (Standing Order No. 118(6)),

BETTING, GAMING AND LOTTERIES

That the draft Gambling Act 2005 (Gaming Machines in Bingo Premises) Order 2008, which was laid before this House on 24 November, in the previous Session of Parliament, be approved.

That the draft Gambling Act 2005 (Variation of Monetary Limit) Order 2008, which was laid before this House on 24 November, in the previous Session of Parliament, be approved.—*(Ian Lucas.)*

Question agreed to.

EUROPEAN UNION DOCUMENTS

Motion made, and Question put forthwith (Standing Order No. 119(11)),

FOOD DISTRIBUTION TO THE MOST DEPRIVED PERSONS IN THE COMMUNITY

That this House takes note of European Union Document No. 13195/08: Proposal for a Council Regulation amending Regulation (EC) No. 1290/2005 on the financing of the common agricultural policy and Regulation (EC) No. 1234/2007 establishing a common organisation of agricultural markets and on specific provisions for certain agricultural products (Single CMO Regulation) as regards food distribution to the most deprived persons in the community; and supports the Government's concern about the appropriateness of the proposal as the EU should only act where there are clear additional benefits from collective efforts as compared with action by Member States, either individually or collectively.—*(Ian Lucas.)*

Question agreed to.

PETITIONS

Northern Rock

7.32 pm

Mr. Peter Atkinson (Hexham) (Con): The petition, which is signed by 86 of my constituents, states:

> The Petition of small shareholders and supporters of Northern rock of the Hexham constituency in the North East of England,
>
> Declares that it welcomes the acknowledgement by the Government that it must pay compensation for nationalising Northern Rock plc, but that the terms of reference for the valuation of the shares are wrongly based as the company was not in administration and was still a "going concern".
>
> Further declares that if these terms are unchanged there will not be a fair compensation payment which will lead to many in our region having their savings and pensions undermined which in turn will have a negative impact on the North East's economy.
>
> The Petitioners therefore request that the House of Commons calls on the Government to reconsider the terms of reference given to the valuer so that he can fully reflect the true value of Northern Rock shares.
>
> And the Petitioners remain, etc.

[P000298]

7.34 pm

Mrs. Sharon Hodgson (Gateshead, East and Washington, West) (Lab): I have a petition in a similar vein, which I would like to present to the House on behalf of my constituent Mr. James Pagan and 87 other constituents.

The petition states:

> The Petition of small shareholders and supporters of Northern Rock of the Gateshead, East and Washington, West constituency in the North East of England,
>
> Declares that it welcomes the acknowledgement by the Government that it must pay compensation for nationalising Northern Rock plc, but that the terms of reference for the valuation of the shares are wrongly based as the company was not in administration and was still a "going concern".
>
> Further declares that if these terms are unchanged there will not be a fair compensation payment which will lead to many in our region having their savings and pensions undermined which in turn will have a negative impact on the North East's economy.
>
> The Petitioners therefore request that the House of Commons calls on the Government to reconsider the terms of reference given to the valuer so that he can fully reflect the true value of Northern Rock shares.
>
> And the Petitioners remain, etc.

[P000308]

Coronary Heart Disease

Motion made, and Question proposed, That this House do now adjourn.—*(Ian Lucas.)*

7.35 pm

Janet Anderson (Rossendale and Darwen) (Lab): I thank you, Mr. Deputy Speaker, and Mr. Speaker for giving me the opportunity this evening to raise this issue, which is of great importance to my constituents.

In the 19th and early 20th centuries, before the advent of vaccination, the most common causes of death and disability in this country were infectious diseases such as smallpox, diphtheria, tetanus, whooping cough, measles and polio. The average life expectancy of a male baby born in 1900 was 45. Edwardian men considered themselves old in their early 40s. Our pursuit of the maxim that prevention is better than cure has been successful: it has changed the structure and quality of our lives, but much more remains to be done. Often, if we solve one set of public health problems, the next challenge looms clearer.

The main cause of death in the UK now is cardiovascular disease and coronary heart disease, with nearly half the deaths caused by the latter. Based on 2005 data, there are some 227,000 heart attacks each year. The British Heart Foundation estimates that 1.5 million men and 1.1 million women are living with CHD. That is an immense residual quantum of personal suffering, but also a burden on the economy. It is reckoned that coronary heart disease costs the UK economy nearly £9 billion a year, and £5.7 billion of it is a result of days lost owing to death and illness and to informal care costs.

What is the best medical handle to bear down on this? Well, we know that high blood cholesterol is the single biggest risk factor. It was from that finding that a strategy began to be put in place to address the problem. In April this year, the Department of Health launched "Putting Prevention First"—a national programme of vascular checks for 40 to 74-year-olds, including risk assessment and management. It is thought that that programme has the potential to prevent up to 9,500 heart attacks and strokes every year and to save no fewer than 2,000 lives.

Running in tandem with that is the key part of the mechanism: the annual reward and incentive programme based on GP practice achievement results. That is the quality and outcomes framework, which began in 2004 and is known as the QOF. The current QOF target is to get 60 per cent. of all identified patients to a target cholesterol level. However, there are elements within the overall control strategy that are not operating optimally—at least not yet. A report by the university of York of June 2007, which I commend to hon. Members, dealt with

> "the link between healthcare spending and health outcomes",

and reads:

> "Recent developments in circulatory drug therapy (especially statins) are acknowledged to be highly cost effective",

but we do not make full use of them. Our death rates from cardiovascular disease remain among the highest in western Europe. Tony Hockley, director of the Policy Analysis Centre, reckons that in England alone there are more than 7,000 unnecessary heart attacks a year because we do not diagnose and treat enough people with raised cholesterol levels.

[Janet Anderson]

I understand that cholesterol testing in the US is recommended for all adults over 20 every five years, that US targets for cholesterol reduction are significantly more ambitious than in the UK and that, broadly speaking, the hard-headed medical insurance companies in the US are prepared to pay for cholesterol-reducing medications on a preventive basis for those in high-risk groups. What makes sense to commercial ventures in the USA should make sense to a value-for-money-minded Treasury in the UK, too.

The big problem with QOF is that it has not moved with the times. The 2004 measure was based on recommendations made in 2000. There are inconsistencies with the National Institute for Health and Clinical Excellence guidelines of 2008 and the Joint British Societies professional guidelines. The 2008 NICE guidelines on lipid modification and type 2 diabetes recommend a level of cholesterol in the blood 20 per cent. lower than the QOF provides for, but, as yet, the target remains static. That means that the way in which we pay GPs is not incentivising them adequately to treat patients down to ideal serum cholesterol levels. That represents a missed opportunity, and lives lost or blighted.

There is an additional anomaly. GPs can still qualify for their QOF incentives even if significant numbers of patients are excluded from the calculations under the exception reporting rules. That is fair up to a point. Practices should not necessarily be penalised if, for example, patients do not attend for review, or if a medication cannot be prescribed because of contra-indications. However, the exception reporting rate for cholesterol control varies widely in primary care trusts, from 5 to 15 per cent. Worse, 14 of the 40 PCTs with exception reporting rates above 10 per cent. are also meant to be "spearhead PCTs", and therefore to be leading a drive to tackle public health problems such as smoking, obesity and poor diet in some of England's most deprived areas. My own PCTs, Blackburn with Darwen and East Lancashire Teaching, have an exception reporting rate of 12.8 per cent. and 11 per cent. respectively. We are left with more than a suspicion that the exception reporting rules are being used in a way that preserves GP income but does not maximise health service delivery, not least in the most deprived areas of the country.

The message is clear: the mechanism by which we incentivise GPs to deliver health improvement is outdated. It needs review, not least in bearing down on high exception reporting rates. As a nation, we invest a great deal in the NHS and we have a right to expect value for money and achievable goals in driving down rates of the main killer disease in Britain today.

I thank the Minister for attending today. She has previously expressed an interest in this topic in answer to parliamentary questions, and I look forward to hearing her response.

7.42 pm

The Parliamentary Under-Secretary of State for Health (Ann Keen): I congratulate my hon. Friend the Member for Rossendale and Darwen (Janet Anderson) on securing this important debate. Heart disease is exceptionally important for all of us who work in health, because the advances in addressing it have been overwhelming, as my hon. Friend described at the beginning of her contribution. My father died of coronary heart disease at the age of 57 some 30-odd years ago, and possibly he would be alive today if there had been the advances then that we now see so regularly in our NHS.

Appropriate and targeted services for the treatment of coronary heart disease are, of course, vital. I am advised that in the Blackburn with Darwen primary care trust area, which covers part of my hon. Friend's constituency, mortality under the age of 75 from all circulatory diseases was significantly higher than the England and Wales average during 2005-07. Despite falls in circulatory disease mortality under the age of 75, it remains a leading cause of premature death both nationally and locally. In Blackburn with Darwen it accounted for more than one in three premature deaths in men and almost one in four in women in 2007. In the Lancashire area, which also covers my hon. Friend's constituency, there has been a decrease in the early death rate from heart disease and stroke, but it still remains above the England average.

Nationally, coronary heart disease is the biggest cause of death in England, responsible for more than 110,000 deaths every year, and it costs the economy more than £7 billion annually. But the cost to the families involved—the mums, dads, daughters and sons—cannot be counted. In most instances we are talking about sudden death, and no one can say that people can recover from such a thing happening in their family. As a former nurse, I have often had to break bad news to relatives in this situation, and I have sometimes tried and failed to save someone's life.

It is vital that frameworks are put in place both nationally and locally to address the financial and personal burden of cardiovascular disease. We have made tremendous progress in tackling the challenges of heart disease over the past 10 years. The national service framework for coronary heart disease set a 10-year framework for action to prevent disease, tackle inequalities, save more lives and improve the quality of life for people with heart disease. It set a framework to deliver quality services that are responsive to the needs and choices of patients.

I am pleased to report that the target set out in Our Healthier Nation to reduce the number of deaths from cardiovascular disease in people under 75 by 40 per cent. by 2010 was met five years early. Furthermore, the mortality rate fell by 44 per cent. between 2005 and 2007, compared with the 1995 to 1997 baseline. I pay tribute to all in the national health service who have achieved that target so many years in advance; it was met in 2008, rather than in 2010. That is something to be proud of when celebrating 60 years of the NHS.

One example of an initiative that has saved lives is the installation of 681 defibrillators in busy public places across the country, saving the lives of at least 93 heart attack patients. Indeed, my colleague in the Department of Health, Lord Ara Darzi, practised saving lives very successfully some time ago by using a defibrillator in the other place when a Member of the House of Lords was taken ill. These improvements have required significant investment in the prevention and treatment of coronary heart disease. Some £613 million has been spent nationally on providing new or expanded heart surgery hospitals across the country, and £122 million has been invested in improved diagnostic and treatment facilities. The investment supports the building and equipping of 90 new or replacement catheterisation laboratories—I have had the pleasure of visiting such units at Harefield, King's College and St. Peter's in Chertsey in the past few months—and that has met a real need to act fast not only when chest pain arrives, but when coronary arteries are diseased and that is shown through the angiogram process.

Furthermore, we now have 61 per cent. more cardiologists and 46 per cent. more cardiothoracic surgeons than in 1999. In the north-west region, the Lancashire cardiac centre was a £52 million capital development project, commissioned to serve the residents of Lancashire and south Cumbria. The centre includes three cardiac theatres, three catheter laboratories, eight ward beds and 14 intensive care unit beds. About 3 million people are receiving statins—my hon. Friend mentioned those cholesterol-lowering drugs—and that has saved an estimated 10,000 lives every year. Statins are now also available over the counter, rather than solely by prescription, thus enabling more people to benefit.

I am so proud that the NHS and Department of Health have narrowed by 32 per cent. the gap in coronary heart disease between the most deprived areas and the national average. We remain on track to meet the 2010 target of at least a 40 per cent. reduction. When the quality and outcomes framework—QOF—was introduced as part of the new GP contract in 2004, it was a pioneering approach to improving quality of care by rewarding GP practices for how well they care for patients, not just how many patients they have on their list. The Commonwealth Fund Survey published in November 2006 found that GPs in the UK are leading the world in the efficient management of chronic disease and the uptake of financial incentives to improve the quality of services.

The latest figures for the QOF show that practices have continued to deliver improvements in services for patients. We are also making real progress in addressing health inequalities between affluent and more deprived areas. We want the QOF to continue to support GP practices in delivering outcomes for patients that are among the best in the world. This is key to the vision developed in the primary and community care strategy, working closely with leading GPs and other health care professionals, as part of the NHS next stage review. That will be possible only if the QOF is continuously reviewed to reflect up-to-date evidence of best practice.

The Department is therefore asking the National Institute for Health and Clinical Excellence to lead a new independent and transparent process for developing and reviewing the evidence base for QOF indicators from April 2009, as part of its role in providing guidance to the NHS based on evidence of clinical and cost effectiveness. A consultation document was published on 30 October 2008 with the aim of consulting widely with patients, carers, NHS professionals and commissioners on how the new process should work. The consultation process is due to close soon, on 2 February.

My hon. Friend mentioned concerns about exception reporting. The overall exception rate for England reduced from 5.83 per cent. in 2006-07 to 5.26 per cent. in 2007-08. Independent research shows that practices in deprived areas are slightly more likely to exception-report patients than practices in affluent areas—I believe that the difference is less than 1 per cent. The research concludes that GPs in deprived areas achieved high QOF scores without high rates of exception reporting, and the differences in scores between affluent and deprived areas are small and of relatively little clinical significance.

Our proposals for a new independent and transparent process for reviewing QOF indicators are intended to build on the QOF's ability to help reduce health inequalities and respond to the needs of our diverse society. There is evidence from research that some practices, whether in deprived or more affluent areas, may be using exception reporting inappropriately. Manipulating QOF data in order to increase rewards without delivering the required level of quality for patients is clearly unacceptable, and also unfair on the majority of practices, which comply with QOF requirements.

PCTs are responsible in England for verifying evidence for QOF achievement. They should analyse exception rates as part of this, investigating any outliers, correcting QOF payments where necessary and taking action if they uncover any actual fraud. I stress that fraud is the exception. We have provided guidance and training for PCTs on examining exception reporting as part of QOF assessment and verification.

The past 10 years have seen significant and tangible progress in cardiac services nationally, and I am keen for them to continue to improve. Our smoke-free policies have made a huge difference, but it is critical that we start early, with our young children and teenagers, in emphasising the need for a healthy lifestyle. I thank my hon. Friend for bringing this important issue to the attention of the House today, and I am glad to have been able to give her such a positive response.

Question put and agreed to.

7.54 pm

House adjourned.

Deferred Division

NORTHERN IRELAND

That the draft Northern Ireland Assembly (Elections) (Amendment) Order 2009, which was laid before this House on 3 December, be approved.

The House divided: Ayes 276, Noes 184.

Division No. 17]

AYES

Abbott, Ms Diane
Ainger, Nick
Ainsworth, rh Mr. Bob
Alexander, rh Mr. Douglas
Anderson, Mr. David
Anderson, Janet
Armstrong, rh Hilary
Austin, John
Bailey, Mr. Adrian
Baird, Vera
Balls, rh Ed
Banks, Gordon
Barron, rh Mr. Kevin
Battle, rh John
Bayley, Hugh
Beckett, rh Margaret
Begg, Miss Anne
Bell, Sir Stuart
Benn, rh Hilary
Berry, Roger
Betts, Mr. Clive
Blackman, Liz
Blackman-Woods, Dr. Roberta
Blears, rh Hazel
Blizzard, Mr. Bob
Blunkett, rh Mr. David
Brennan, Kevin
Brown, Lyn
Brown, rh Mr. Nicholas
Brown, Mr. Russell
Browne, rh Des
Buck, Ms Karen
Burden, Richard
Burgon, Colin
Butler, Ms Dawn
Byers, rh Mr. Stephen
Byrne, rh Mr. Liam
Campbell, Mr. Alan
Campbell, Mr. Gregory
Campbell, Mr. Ronnie
Caton, Mr. Martin
Cawsey, Mr. Ian
Chapman, Ben
Clapham, Mr. Michael
Clark, Ms Katy
Clark, Paul
Clarke, rh Mr. Charles
Clwyd, rh Ann
Coffey, Ann
Cook, Frank
Cooper, rh Yvette
Crausby, Mr. David
Creagh, Mary
Cryer, Mrs. Ann
Cummings, John
Cunningham, Mr. Jim
Cunningham, Tony
Curtis-Thomas, Mrs. Claire
Darling, rh Mr. Alistair
David, Mr. Wayne
Davidson, Mr. Ian
Davies, Mr. Dai
Davies, Mr. Quentin
Dean, Mrs. Janet
Denham, rh Mr. John
Devine, Mr. Jim
Dhanda, Mr. Parmjit
Dismore, Mr. Andrew
Dobbin, Jim
Dodds, Mr. Nigel
Donaldson, rh Mr. Jeffrey M.
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Dowd, Jim
Drew, Mr. David
Durkan, Mark
Eagle, Angela
Eagle, Maria
Efford, Clive
Ellman, Mrs. Louise
Engel, Natascha
Ennis, Jeff
Fitzpatrick, Jim
Flello, Mr. Robert
Flint, rh Caroline
Flynn, Paul
Follett, Barbara
Foster, Mr. Michael
(Worcester)
Gapes, Mike
Gerrard, Mr. Neil
Gilroy, Linda
Goggins, Paul
Goodman, Helen
Griffith, Nia
Grogan, Mr. John
Gwynne, Andrew
Hain, rh Mr. Peter
Hall, Mr. Mike
Hamilton, Mr. David
Hanson, rh Mr. David
Harris, Mr. Tom
Healey, rh John
Henderson, Mr. Doug
Hepburn, Mr. Stephen
Heppell, Mr. John
Hewitt, rh Ms Patricia
Heyes, David
Hill, rh Keith
Hillier, Meg
Hodgson, Mrs. Sharon
Hood, Mr. Jim
Hoon, rh Mr. Geoffrey
Hope, Phil
Hopkins, Kelvin
Hosie, Stewart
Howarth, rh Mr. George
Howells, Dr. Kim
Hoyle, Mr. Lindsay
Hughes, rh Beverley
Humble, Mrs. Joan
Hutton, rh Mr. John
Iddon, Dr. Brian
Illsley, Mr. Eric
Irranca-Davies, Huw
James, Mrs. Siân C.
Johnson, Ms Diana R.
Jones, Helen
Jones, Mr. Kevan
Jones, Lynne
Jones, Mr. Martyn
Joyce, Mr. Eric
Kaufman, rh Sir Gerald
Keeble, Ms Sally
Keeley, Barbara
Keen, Ann
Kemp, Mr. Fraser
Khan, Mr. Sadiq
Kidney, Mr. David
Knight, rh Jim
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Laxton, Mr. Bob
Lepper, David
Levitt, Tom
Lewis, Mr. Ivan
Linton, Martin
Lloyd, Tony
Love, Mr. Andrew
Lucas, Ian
Mackinlay, Andrew
MacNeil, Mr. Angus
MacShane, rh Mr. Denis
Mactaggart, Fiona
Malik, Mr. Shahid
Mallaber, Judy
Mann, John
Marsden, Mr. Gordon
Mason, John
McAvoy, rh Mr. Thomas
McCarthy, Kerry
McCarthy-Fry, Sarah
McCartney, rh Mr. Ian
McCrea, Dr. William
McDonnell, Dr. Alasdair
McFadden, rh Mr. Pat
McFall, rh John
McGovern, Mr. Jim
McGrady, Mr. Eddie
McGuire, rh Mrs. Anne
McIsaac, Shona
McKechin, Ann
McKenna, Rosemary
McNulty, rh Mr. Tony
Meale, Mr. Alan
Merron, Gillian
Michael, rh Alun
Miliband, rh David
Miliband, rh Edward
Miller, Andrew
Moffat, Anne
Moffatt, Laura
Mole, Chris
Moon, Mrs. Madeleine
Moran, Margaret
Morgan, Julie
Morley, rh Mr. Elliot
Mudie, Mr. George
Mullin, Mr. Chris
Munn, Meg
Murphy, Mr. Denis
Murphy, rh Mr. Jim
Murphy, rh Mr. Paul
Naysmith, Dr. Doug
O'Brien, Mr. Mike
Osborne, Sandra
Owen, Albert
Pearson, Ian
Pelling, Mr. Andrew
Plaskitt, Mr. James
Pope, Mr. Greg
Pound, Stephen
Prentice, Bridget
Prentice, Mr. Gordon
Primarolo, rh Dawn
Prosser, Gwyn
Purchase, Mr. Ken
Purnell, rh James
Reed, Mr. Jamie
Riordan, Mrs. Linda
Robertson, Angus
Robertson, John
Robinson, Mr. Geoffrey
Roy, Mr. Frank
Roy, Lindsay
Ruane, Chris
Ruddock, Joan
Russell, Christine
Ryan, rh Joan
Salter, Martin
Sarwar, Mr. Mohammad
Seabeck, Alison
Sharma, Mr. Virendra
Shaw, Jonathan
Sheerman, Mr. Barry
Sheridan, Jim
Simpson, Alan
Simpson, David
Skinner, Mr. Dennis
Slaughter, Mr. Andy
Smith, rh Mr. Andrew
Smith, Ms Angela C.
(Sheffield, Hillsborough)
Smith, Angela E. *(Basildon)*
Smith, Geraldine
Smith, rh Jacqui
Southworth, Helen
Spellar, rh Mr. John
Spink, Bob
Starkey, Dr. Phyllis
Stewart, Ian
Straw, rh Mr. Jack
Stringer, Graham
Stuart, Ms Gisela
Sutcliffe, Mr. Gerry
Tami, Mark
Taylor, Ms Dari
Taylor, David
Thomas, Mr. Gareth
Thornberry, Emily
Timms, rh Mr. Stephen
Tipping, Paddy
Touhig, rh Mr. Don
Trickett, Jon
Truswell, Mr. Paul
Turner, Mr. Neil
Twigg, Derek
Ussher, Kitty
Vaz, rh Keith
Waltho, Lynda
Ward, Claire
Watson, Mr. Tom
Watts, Mr. Dave
Weir, Mr. Mike

Whitehead, Dr. Alan
Wicks, rh Malcolm
Williams, rh Mr. Alan
Williams, Mrs. Betty
Wilson, Phil
Wilson, Sammy
Winnick, Mr. David
Winterton, rh Ms Rosie
Woodward, rh Mr. Shaun
Wright, Mr. Anthony
Wright, David
Wright, Mr. Iain
Wright, Dr. Tony
Wyatt, Derek

NOES

Afriyie, Adam
Alexander, Danny
Ancram, rh Mr. Michael
Atkinson, Mr. Peter
Bacon, Mr. Richard
Baldry, Tony
Barker, Gregory
Baron, Mr. John
Barrett, John
Beith, rh Sir Alan
Bellingham, Mr. Henry
Benyon, Mr. Richard
Bercow, John
Binley, Mr. Brian
Blunt, Mr. Crispin
Bone, Mr. Peter
Boswell, Mr. Tim
Bottomley, Peter
Brady, Mr. Graham
Brake, Tom
Brazier, Mr. Julian
Brokenshire, James
Brooke, Annette
Browne, Mr. Jeremy
Browning, Angela
Burns, Mr. Simon
Burrowes, Mr. David
Burt, Alistair
Burt, Lorely
Butterfill, Sir John
Cable, Dr. Vincent
Cameron, rh Mr. David
Carmichael, Mr. Alistair
Carswell, Mr. Douglas
Cash, Mr. William
Chope, Mr. Christopher
Clappison, Mr. James
Clarke, rh Mr. Kenneth
Clegg, rh Mr. Nick
Cox, Mr. Geoffrey
Crabb, Mr. Stephen
Curry, rh Mr. David
Davey, Mr. Edward
Davies, Philip
Djanogly, Mr. Jonathan
Dorries, Mrs. Nadine
Duncan, Alan
Duncan Smith, rh Mr. Iain
Dunne, Mr. Philip
Evans, Mr. Nigel
Evennett, Mr. David
Fabricant, Michael
Fallon, Mr. Michael
Featherstone, Lynne
Field, Mr. Mark
Foster, Mr. Don
Fraser, Christopher
Garnier, Mr. Edward
Gauke, Mr. David
George, Andrew
Gibb, Mr. Nick
Gillan, Mrs. Cheryl
Goldsworthy, Julia
Gray, Mr. James
Grayling, Chris
Green, Damian
Greening, Justine
Greenway, Mr. John
Grieve, Mr. Dominic
Hague, rh Mr. William
Hammond, Mr. Philip
Hammond, Stephen
Hancock, Mr. Mike
Hands, Mr. Greg
Harper, Mr. Mark
Harris, Dr. Evan
Hayes, Mr. John
Heath, Mr. David
Heathcoat-Amory, rh Mr. David
Hemming, John
Hendry, Charles
Herbert, Nick
Hoban, Mr. Mark
Hollobone, Mr. Philip
Holmes, Paul
Horam, Mr. John
Howard, rh Mr. Michael
Howarth, David
Howarth, Mr. Gerald
Huhne, Chris
Hunt, Mr. Jeremy
Hunter, Mark
Hurd, Mr. Nick
Jackson, Mr. Stewart
Jones, Mr. David
Kawczynski, Daniel
Kennedy, rh Mr. Charles
Kirkbride, Miss Julie
Kramer, Susan
Laing, Mrs. Eleanor
Lait, Mrs. Jacqui
Lancaster, Mr. Mark
Lansley, Mr. Andrew
Laws, Mr. David
Leech, Mr. John
Letwin, rh Mr. Oliver
Lewis, Dr. Julian
Liddell-Grainger, Mr. Ian
Lidington, Mr. David
Lilley, rh Mr. Peter
Luff, Peter
Mackay, rh Mr. Andrew
Maclean, rh David
Main, Anne
May, rh Mrs. Theresa
McIntosh, Miss Anne
Miller, Mrs. Maria
Mitchell, Mr. Andrew
Moore, Mr. Michael
Moss, Mr. Malcolm
Mulholland, Greg
Mundell, David
Murrison, Dr. Andrew
Newmark, Mr. Brooks
O'Brien, Mr. Stephen
Oaten, Mr. Mark
Öpik, Lembit
Osborne, Mr. George
Ottaway, Richard
Paice, Mr. James
Paterson, Mr. Owen
Penning, Mike
Pritchard, Mark
Pugh, Dr. John
Randall, Mr. John
Reid, Mr. Alan
Rennie, Willie
Robathan, Mr. Andrew
Robertson, Hugh
Robertson, Mr. Laurence
Rogerson, Dan
Rosindell, Andrew
Rowen, Paul
Ruffley, Mr. David
Russell, Bob
Sanders, Mr. Adrian
Scott, Mr. Lee
Selous, Andrew
Shapps, Grant
Shepherd, Mr. Richard
Simmonds, Mark
Simpson, Mr. Keith
Smith, Sir Robert
Spelman, Mrs. Caroline
Spicer, Sir Michael
Stanley, rh Sir John
Stuart, Mr. Graham
Swire, Mr. Hugo
Syms, Mr. Robert
Tapsell, Sir Peter
Taylor, Matthew
Thurso, John
Timpson, Mr. Edward
Tredinnick, David
Turner, Mr. Andrew
Tyrie, Mr. Andrew
Vara, Mr. Shailesh
Villiers, Mrs. Theresa
Walker, Mr. Charles
Wallace, Mr. Ben
Walter, Mr. Robert
Waterson, Mr. Nigel
Watkinson, Angela
Whittingdale, Mr. John
Wiggin, Bill
Willetts, Mr. David
Williams, Mark
Williams, Mr. Roger
Williams, Stephen
Wilson, Mr. Rob
Winterton, Ann
Wright, Jeremy
Young, rh Sir George
Younger-Ross, Richard

Question accordingly agreed to.

House of Commons

Thursday 22 January 2009

The House met at half-past Ten o'clock

PRAYERS

[MR. SPEAKER *in the Chair*]

BUSINESS BEFORE QUESTIONS

MANCHESTER CITY COUNCIL BILL [*LORDS*] AND BOURNEMOUTH BOROUGH COUNCIL BILL [*LORDS*]

Motion made, and Question (15 January) again proposed,

That the promoters of the Manchester City Council Bill [*Lords*] and Bournemouth Borough Council Bill [*Lords*], which were originally introduced in the House of Lords in Session 2006-07 on 21 January 2007, may have leave to proceed with the Bills in the current Session according to the provisions of Standing Order 188B (Revival of bills).

Hon. Members: Object.

The debate stood adjourned; to be resumed on Thursday 29 January.

CANTERBURY CITY COUNCIL BILL, LEEDS CITY COUNCIL BILL, NOTTINGHAM CITY COUNCIL BILL AND READING BOROUGH COUNCIL BILL

Motion made, and Question (15 January) again proposed,

That the promoters of the Canterbury City Council Bill, Leeds City Council Bill, Nottingham City Council Bill and Reading Borough Council Bill, which were originally introduced in this House in Session 2007-08 on 22 January 2008, may have leave to proceed with the Bills in the current Session according to the provisions of Standing Order 188B (Revival of bills).

Hon. Members: Object.

The debate stood adjourned; to be resumed on Thursday 29 January.

Oral Answers to Questions

ENERGY AND CLIMATE CHANGE

The Secretary of State was asked—

Energy Act 2008

1. **Mr. Jim Devine** (Livingston) (Lab): What recent discussions he has had on the implementation of the provisions of the Energy Act 2008; and if he will make a statement. [249982]

The Secretary of State for Energy and Climate Change (Edward Miliband): Key policies enabled by the Act, including the introduction of the banding of the renewables obligation and the roll-out of smart meters to medium-sized businesses, will be in force by April 2009. Later this year, we will consult on the feed-in tariff scheme for small-scale renewables scheduled to be introduced in 2010, and confirm details of our plans announced last year for the roll-out of smart meters to domestic users by 2020.

Mr. Devine: I thank my right hon. Friend for that response. Although it would be churlish not to welcome today's announcement from British Gas of a 10 per cent. cut in pricing, does my right hon. Friend have something to say about those individuals—especially pensioners—who are making additional payments because they have prepayment meters?

Edward Miliband: My hon. Friend asks about an important issue. It is right to welcome the price fall in wholesale gas and this morning's announcement of the reduction in British Gas prices, which will commence next month. We want price reductions that go as far as possible, as fast as possible from British Gas and other energy companies because wholesale gas prices have fallen.

On prepayment meters, it is welcome that Ofgem has proposed changes in the law and in licence conditions for the energy companies. That means not only eliminating some of the problems of the past few months, but, in future, stopping the sort of practices that offend us all and discriminate unduly against the poorest people in our society.

Mr. Philip Hollobone (Kettering) (Con): Will the Secretary of State have a close look at the innovative scheme in the borough of Kettering, whereby Kettering borough council and E.on got together? In return for the installation of smart meters, E.on's dual fuel customers will get a council tax rebate if they make sufficient energy savings.

Edward Miliband: We will certainly look at that. The point of the community energy saving programme, the details of which we will announce shortly, is precisely to encourage that sort of work between energy companies, local authorities and community groups, to ascertain how we can help some of the poorest people in our society with their gas and electricity bills and with smart metering, and ensure that they can get a fair deal. We will definitely examine that proposal.

Barry Gardiner (Brent, North) (Lab): What discussions has my right hon. Friend had with the Department for Environment, Food and Rural Affairs to implement the woodfuel strategy, which straddles both Departments? Has he considered the small costs of implementing that strategy, which might contribute to our renewables obligation and improve the quality of woodland throughout the kingdom?

Edward Miliband: My hon. Friend asks about an important subject, about which he has great expertise. It is important to consider such proposals—for example, renewable heat can help us in future. Such generation is currently at a low level and we want to introduce a renewable heat incentive precisely to encourage the sort of proposals that my hon. Friend mentioned. We are undertaking work with the Forestry Commission and DEFRA, and it is important in contributing to our renewables energy strategy.

Charles Hendry (Wealden) (Con): Does not the Secretary of State's initial answer simply confirm that the Energy Act is more about talk than desperately needed action? No real action has been taken on our critical lack of gas storage or how we can make carbon capture and storage a reality. There is no urgency about creating a national grid fit for the 21st century or methods of introducing the next generation of renewable technologies. There have been years of talking about the details of smart metering and feed-in tariffs, and further delays on biogas and renewable heat. Fuel poverty has not even been mentioned. Is it not clear that, if we are to have an energy policy that is secure, affordable and low in carbon, we need not more talking shops but a change of Government?

Edward Miliband: I congratulate the hon. Gentleman; he obviously practised that in the mirror this morning. The answer to his question is no. The Energy Act is facilitating progress on a whole range of fronts, including feed-in tariffs, gas storage and nuclear power— *[Interruption.]* The hon. Gentleman says that that is all talk, but 17 gas storage projects are planned in this country, and the Langeled pipeline has been built since 2006—since the previous dispute between Russia and Ukraine—and is now supplying a large amount of our gas. This is not about talk; it is about a party that understands the importance of energy security and fairness to consumers.

Fuel Poverty

2. **David Taylor** (North-West Leicestershire) (Lab/Co-op): How many people in (a) North-West Leicestershire constituency, (b) the east midlands and (c) England are in fuel poverty. [249983]

The Parliamentary Under-Secretary of State for Energy and Climate Change (Joan Ruddock): The most recently available sub-regional split of fuel poverty relates to 2003 and shows that, in North-West Leicestershire, there were about 2,300 fuel-poor households. More recent figures for the east midlands and England show that, in 2006, there were about 236,000 fuel-poor households in the east midlands and about 2.4 million fuel-poor households in England.

David Taylor: Further to the question put by my hon. Friend the Member for Livingston (Mr. Devine), 40 per cent. of social housing tenants are forced to pay over the odds for at least one kind of energy because they use prepayment meters. This is sharp practice resulting from utterly unacceptable laxity on the part of the regulator. Does the Minister agree that Ofgem is still failing lamentably to carry out its principal brief, which is to protect the interests of low-income consumers? This disproportionate and grossly unfair charge continues to push many of my constituents yet further into fuel poverty.

Joan Ruddock: I sympathise with my hon. Friend's constituents who are in fuel poverty. I assure him that we are working as hard as possible to address this matter. We have made it absolutely clear to Ofgem and the energy companies that unfair pricing has to stop, in relation both to prepayment meters and to standard credit. Pressure from us has resulted in £300 million being taken out of the premiums paid by customers, including those using prepayment meters, but I agree that this has gone on for far too long. As my right hon. Friend the Secretary of State has said, Ofgem is now consulting on changing the licence agreements in order to deal with unfair practices. He has also made it absolutely clear that, if the regulator does not succeed, we will act in his place.

Simon Hughes (North Southwark and Bermondsey) (LD): I follow exactly the last two questions from colleagues on the Labour Benches. We have now had nearly 12 years of a Labour Government, and we still do not have a fair system for fuel pricing for domestic users. Will Ministers promise that, by the time of the next UK-wide elections—be they the European elections or the general election—there will be a pricing system under which people will not be penalised for the method by which they pay, such as a prepayment meter—

Mr. Speaker: Order. I am not expecting the hon. Gentleman to make a speech. I think that the Minister will now be able to handle a reply.

Simon Hughes *rose*—

Mr. Speaker: Order. The hon. Gentleman has the privilege of being a Front-Bench spokesman, and making a speech is not what I expect. The Minister may answer.

Joan Ruddock: We have made it absolutely clear that it is the regulator's responsibility to act. The consultation is under way, and it ends on 20 February. It is designed to work out a system that will bring unfair pricing methods to an end. That is what we want, and we are determined to get it, one way or the other.

Paddy Tipping (Sherwood) (Lab): Will the Minister have discussions with colleagues about the definition of fuel poverty? Is there not a case for targeting winter fuel allowances more directly, and to extend them to people with long-term, chronic illnesses?

Mr. Speaker: That is a supplementary. That is the way they should be asked.

Joan Ruddock: I thank my hon. Friend for his question. I assure him that all aspects of our fuel poverty strategy are under review. It is important for us to see how best we can target the available resources and do the best job. This is an extraordinarily serious matter; we are deeply concerned, and I am looking at every aspect of the scheme.

Mr. David Evennett (Bexleyheath and Crayford) (Con): Can the Minister tell us why fuel poverty data are always two years out of date?

Joan Ruddock: The fuel poverty data take time to collect. They are based on a survey of 8,000 households in England; the devolved authorities obviously have to carry out the same work. In order to get an accurate picture, it is necessary to take two years' data and to combine them. As I review everything else, I am perfectly happy to look into the way in which the data are collected. We are living in rather extraordinary times in terms of price rises, and that is what has so heavily distorted the numbers of people in fuel poverty, rather than the condition of the properties.

Tony Lloyd (Manchester, Central) (Lab): My hon. Friend will know as well as I do that among the poorest in our society are those who depend on the private rented sector. Fuel poverty in that sector is acute, because private landlords have no incentive to provide proper insulation. What can the Government do to ensure that we incentivise those private landlords?

Joan Ruddock: The Government have already attempted to incentivise private landlords, but my hon. Friend is correct in believing that the response has been inadequate. We clearly need to do more. We are currently preparing documents for consultation on a wide range of energy-efficiency measures and we will look at the role of private landlords in those consultations.

Bob Spink (Castle Point) (Ind): We are right to address the question of prepayment meters, but another issue that affects many of the poorest people is our inability to insulate very poor housing stock, particularly when it lacks cavity wall insulation. I know that the Government are working on this, but can they redouble their efforts to find ways around this problem, which affects the most vulnerable people?

Joan Ruddock: I hope that the hon. Gentleman might be aware that the Prime Minister announced a new programme in September, putting £1 billion behind energy efficiency. We have a number of such programmes, the foremost of which in terms of numbers, is the obligation on the energy companies. Over the next three-year period, we expect 6 million households to benefit from the measures already in place. We always keep them under review, and if we can do more, we will. I can assure the hon. Gentleman that the programme has been accelerated and that more households are being offered help under those programmes.

Carbon Dioxide Emissions

3. **Mr. Barry Sheerman** (Huddersfield) (Lab/Co-op): What recent discussions he has had with the Secretary of State for Communities and Local Government on his Department's policies to reduce carbon dioxide emissions from housing. [249984]

The Parliamentary Under-Secretary of State for Energy and Climate Change (Joan Ruddock): The Secretary of State for Energy and Climate Change met the Secretary of State for Communities and Local Government on 17 December last year. Discussions included the Department for Communities and Local Government's contribution to reducing carbon dioxide emissions from housing.

Mr. Sheerman: But does my hon. Friend agree that homes are really at the heart of cutting carbon emissions and that although we want more houses, we also want them to be more sustainable? There are rumours that the Homes and Communities Agency is being pushed to concentrate on numbers and not to take so much notice of sustainability.

Joan Ruddock: I agree with my hon. Friend about the importance of homes, because 27 per cent. of our emissions come from our homes. The Homes and Communities Agency was set up and began operations only in December last year, but I can assure my hon. Friend that it is leading the way on making the zero-carbon homes agenda, which is our target for 2016, a reality. It is also leading with exemplar programmes like the carbon challenge and the Thames Gateway eco region. Over the years, the decent homes programme has brought a million homes up to decent standard, with the result that higher energy-efficiency standards exist in the public sector than in the private sector. Over the next three years, the Homes and Communities Agency will manage £2.4 billion worth of programmes to ensure that 350,000 homes are brought up to the decent home standard. I can assure my hon. Friend that the agency is committed, and that contact between the Department for Environment, Food and Rural Affairs and the Department for Communities and Local Government is ongoing and specifically directed at reducing carbon emissions.

Mr. David Heathcoat-Amory (Wells) (Con): The Government are going to ban the use of incandescent light bulbs before they are required to do so. Is the Minister aware that the alternative bulbs are not only more expensive, but hazardous because they contain mercury, are unsuitable for certain applications—either because they come on too slowly or give out too little light, which can again be dangerous—and totally unsuitable for things like picture lights in galleries and so forth? Will she rethink her policy of gold-plating the EU requirement and rethink banning the use of those bulbs before that is necessary?

Joan Ruddock: I hear what the right hon. Gentleman says, but I would be very surprised if his Front-Bench team did not support the use of energy-efficient bulbs in place of the inefficient ones in use today. If every household in the country changed, 5 million tonnes of carbon would be saved, so it is extremely important that we make that change. The right hon. Gentleman says that they are dangerous, but there is only a tiny amount of mercury in those bulbs and disposal facilities are available in every local authority to get rid of them safely: people can just throw them away and if they have an accident, it is simple to deal with it. These bulbs are not hazardous. A few people with particular medical conditions may be sensitive to such bulbs. We are looking into that carefully and working on it with the Department of Health, and we have made the facts known to the European Commission.

Mr. David Kidney (Stafford) (Lab): It is great that the Government have set the goal of all new homes being zero-carbon by the middle of the next decade, but is it not important for house builders and consumers to understand what is involved in a property's being zero-carbon? Can my hon. Friend assure us that she is working across Government to set standards so that we all know what we are aiming for?

Mr. Lindsay Hoyle (Chorley) (Lab): Very good question.

Joan Ruddock: It is a very good question. The Government are working on this. Both our Department and the Department for Communities and Local Government are very much engaged in the definitions, and a consultation is in hand.

Gregory Barker (Bexhill and Battle) (Con): While our European competitors such as Germany are rolling out far larger energy-efficiency programmes, progress here is still too slow. Indeed, the Government have now cancelled the launch of their heat and energy-saving consultation for the second time. Given the sad failure to transform the energy-efficiency of our housing stock over the last decade, may I invite the Secretary of State to borrow yet another ambitious Conservative policy and offer all home-owners a £6,500 entitlement to energy retrofit their homes, thus creating real efficiency, real savings and real green jobs?

Joan Ruddock: Let me respond immediately to the hon. Gentleman's final point. He says that every home owner would be entitled to such a package, but when we made inquiries of the shadow Front-Bench team we were told that 1 per cent. of the population would receive it. If the hon. Gentleman has now resiled from that, may I ask him how the Conservatives will find the £150 billion that the programme would cost, given that they intend to cut the Department of Energy and Climate Change budget?

Our heat and energy savings consultation will indeed be delivered. It has certainly not been cancelled.

4. **Mr. Charles Kennedy** (Ross, Skye and Lochaber) (LD): What recent assessment he has made of progress towards meeting the Government's target of reducing carbon dioxide emissions by 20 per cent. by 2010; and if he will make a statement. [249965]

The Secretary of State for Energy and Climate Change (Edward Miliband): Carbon dioxide emissions are expected to be reduced to 15 per cent. below 1990 levels by 2010. That will help to make Britain one of the few countries to exceed our Kyoto target, although it is short of the more challenging unilateral 20 per cent. goal. So progress has been made, but we need to do more. Later this year I shall set out a carbon budget for the coming years to enable us to make our contribution to a successful global deal at Copenhagen this December.

Mr. Kennedy: Let me thank the Secretary of State for his courtesy in choosing to reply as well as for the content of his reply, and then move quickly on.

Will the Government be building the recommendations of the Committee on Climate Change into the consultation on carbon capture and storage, and would he or his colleagues and officials be willing to meet me—along with, perhaps, the non-governmental organisations—for discussions at some stage between now and July, when my private Member's Bill will be up for debate, to establish what further progress can be made?

Edward Miliband: I shall meet the right hon. Gentleman with pleasure to discuss his private Member's Bill.

Lord Turner's recommendations in his report published in December represent an important step forward in the ways in which we can drive carbon capture and storage into any new coal-fired power stations. We are examining those recommendations carefully, and will say more about them in the next few weeks.

Mr. Eric Illsley (Barnsley, Central) (Lab): As my right hon. Friend knows, energy generation is one of the biggest producers of carbon dioxide, and if any major and worthwhile reductions are to be made, our means of power generation will have to be addressed. Will my right hon. Friend speed up our moves towards carbon capture and storage, given that people are now protesting against any form of coal burning, and will he also look at what Newcastle university is doing in connection with underground coal gasification?

Edward Miliband: My hon. Friend has made a good point. One of the important aspects of the climate and energy package that was agreed in the European Union last December was the €9 billion of investment in carbon capture and storage. That will make a huge difference to carbon capture and storage across Europe, and will build on the demonstration plant that Britain is seeking to build. I believe that we will be in a strong position to secure at least one of the European demonstration projects in addition to our own.

My hon. Friend is also right to suggest that we need to encourage the whole range of technologies and draw on the work of the academic community, including Newcastle university.

Mr. Christopher Chope (Christchurch) (Con): Does the Secretary of State accept that the Government's success in wrecking the national economy will result in lower CO_2 emissions?

Edward Miliband: Obviously, I do not share the hon. Gentleman's description of our programme. What has happened to CO_2 emissions in the last decade is interesting: we have, for the first time, decoupled economic growth, which has been at about 38 per cent. in that period, from carbon emissions, which have fallen. That is a major step forward, and it is an indication of what we need to do in the future.

Ms Patricia Hewitt (Leicester, West) (Lab): As the Government focus on the carbon reduction targets, will my right hon. Friend redouble his efforts to ensure that green jobs and a green new deal remain at the heart of the Government's programme to stimulate the economy during the global downturn?

Edward Miliband: My right hon. Friend speaks as a former Business Secretary who made great strides on energy, and she is absolutely right that, as we think about the future of our economy, we have to think about the low-carbon sectors where jobs are available, such as renewables, nuclear—in my view—and carbon capture and storage. Britain has unique assets in this area, not only in terms of renewables, but also in relation to carbon capture and storage. We need to turn those unique assets into employment for people in this country.

Greg Clark (Tunbridge Wells) (Con): Given its effect on emissions, does the Secretary of State personally approve of the decision to build a third runway at Heathrow?

Edward Miliband: It was the right decision, and let me explain to the hon. Gentleman why. Some may argue that people should stop flying, but that is not my opinion. I believe that we should have constrained expansion of aviation, and that is why we have been very clear in the Heathrow decision about the fact that only 50 per cent. of the slots have been granted and any future expansion beyond that will be conditional on the target we have set—we are the first Government in the world to have set it—according to which aviation emissions in 2050, at which time we have set our target to achieve an 80 per cent. cut in carbon emissions, must be back to 2005 emission levels. We have taken the right decision: constrained expansion of aviation.

Greg Clark: The Secretary of State is an intelligent man. He knows that these mock concessions fool no one. Indeed, it is telling that the Prime Minister's old tactic of briefing against his predecessor and claiming victory for spurious concessions is now being employed by his protégé against him. On emissions, will the Secretary of State confirm that one quarter of the progress claimed by the Government on emissions is bought in from other European countries?

Edward Miliband: Of course credits play a role, but I am surprised at what the hon. Gentleman says about aviation because he wrote a pamphlet in 2003 called "Free to Travel" and in it—I here refer Members to the position that there should be no more flying—he said:

> "More people should be able to travel by air in future."

He also said:

> "We will not necessarily set our face against any or all expansion of the UK's airports capacity".

So once again we see that the hon. Gentleman has not thought his policy through.

Mr. David Anderson (Blaydon) (Lab): The Secretary of State has mentioned support for carbon capture and storage, but is he aware that people in the industry are concerned about the slow progress that is being made and also that the demonstration projects might not be extensive enough? Is he prepared to meet me and representatives of the industry to try to resolve this?

Edward Miliband: I will definitely meet my hon. Friend. He is right that we need to make progress in this area. There is a huge amount of expertise and talent around the country, and research that we need to draw on, and I look forward to discussing those issues with him and his colleagues.

Mr. Mike Weir (Angus) (SNP): Following changes that Germany secured in the next stage of the EU emissions trading scheme, some commentators have calculated that up to 96 per cent. of processing firms could receive free credits. Has the Secretary of State identified which sectors of the UK economy will receive free credits and what impact that will have on future emissions targets?

Edward Miliband: The hon. Gentleman asks an important question. We will judge who gets free credits by a rigorous analysis of which sectors are really exposed to so-called carbon leakage—the UK argued very strongly for that in relation to the directive. What there must not be is simply a blanket exemption for everyone in relation to free allowances. This process will take place during this year, and we will then come up with the sectors that are affected. I think the import of the hon. Gentleman's question is that we must be rigorous and we must make this as demanding an EU ETS as possible, and I share that view.

European Supergrid

5. **Dr. Alan Whitehead** (Southampton, Test) (Lab): What discussions he has had with his EU counterparts on proposals for a European supergrid. [249988]

The Minister of State, Department of Energy and Climate Change (Mr. Mike O'Brien): Departmental officials have had discussions with the European Commission and other European countries about improved grid connections for offshore wind and to link up to European grids. A European supergrid is a big, long-term, interesting but expensive concept.

Dr. Whitehead: I thank my hon. and learned Friend for that reply. He will be aware of the proposals for North sea grid interconnectors using direct current cables and for wider connections using such cables across the whole of Europe to connect various forms of renewable energy together. Is he willing to meet representatives of the European e-Parliament, who are promoting that latter initiative in order to connect the whole of Europe's renewable output for resources delivered across Europe as a whole?

Mr. O'Brien: In principle, I am happy to meet those representatives. However, in terms of linking up renewables, particularly wind power, to the UK, we have a massive programme to link up to 33 GW of electricity, at a cost of about £15 billion. The cost is already substantial, so I would not want my hon. Friend to think that we are other than cautious about this. As a long-term concept it is interesting, but in the short term we must focus on the things that are more at hand: getting offshore wind farms properly connected to the UK, so that we ensure that we get the electricity generated here.

Mr. Henry Bellingham (North-West Norfolk) (Con): Is the Minister aware that more than 600 wind turbines have either been completed or are planned for sites in the Wash and along the Norfolk coast, and that those could be linked up to a supergrid? Is he aware that those offshore wind farms command widespread public support, in complete contrast to the small clusters of onshore ones, which do a huge amount of damage to the environment and are very unpopular?

Mr. O'Brien: It is the case that we will need both onshore and offshore wind power in order to ensure that we reach the level of capacity that we need for renewables—I see some nodding of heads on the Conservative Front Bench. The hon. Gentleman has to appreciate that although those who oppose onshore wind farms are often speaking for some of their constituents, there is a national objective of ensuring that we develop the wind and renewable generation capacity that this country needs. That means that we need to continue to develop both offshore and onshore wind power.

Mr. Robert Flello (Stoke-on-Trent, South) (Lab): In his discussions with his European colleagues about pan-European energy levels, will my hon. and learned Friend also raise the issue of the UK ceramics industry, which is, and has been for a while, at a disadvantage compared with other European producers because of the energy costs in this country?

Mr. O'Brien: I am very happy to raise that matter. I am aware of the concerns, particularly in Staffordshire and the Stoke area, about the problems that those in the ceramics industry have had, particularly in getting access to some energy sources. I am happy to ensure that we continue to raise those issues, as my hon. Friend and some of his colleagues have been doing for some time.

Kyoto Protocol

6. **John Barrett** (Edinburgh, West) (LD): What recent discussions he has had with his foreign counterparts on a successor agreement to the Kyoto Protocol. [249989]

The Secretary of State for Energy and Climate Change (Edward Miliband): In December last year, I participated in the United Nations climate change conference in Poznan, which was designed to prepare the way for a global agreement in Copenhagen this December. Over the coming year, the UK Government will try to make our own contribution to a global deal, through, among other things, our own ambitious domestic commitments, our work in the EU and co-operation with the new American Administration.

John Barrett: I thank the Secretary of State for that answer. He may wish to follow President Obama and

"roll back the spectre of a warming planet".

As such, will he ensure that the climate conference in December is not derailed by discussions over what developing countries must do and that it accepts that those who produced the most CO_2 over the past century must take most of the responsibility for emission reductions?

Edward Miliband: All of us want to follow President Obama, who has certainly made an impressive start. The hon. Gentleman makes an important point about the commitment of developed countries. I think that they have to make strong and challenging commitments. We must find ways to ensure that developing countries are part of a global deal and can move away from a "business as usual" approach on emissions. Part of our responsibility is to find ways to finance those changes in developing countries. I agree with him about the approach that he suggests.

Rob Marris (Wolverhampton, South-West) (Lab): Does my hon. Friend agree that, as per capita carbon dioxide emissions in the United Kingdom have risen in this century, the statutory target for cutting those emissions by 80 per cent. by 2050 will be impossible to meet, particularly with the continued expansion of aviation, and does he agree that 80 per cent. is an unrealistic target to achieve at Copenhagen?

Edward Miliband: No, I do not agree with my hon. Friend, which is rare. I think 80 per cent. is a realistic target. The Committee on Climate Change has shown in its report how that can be achieved through what we do with domestic transport, the power sector and the household sector. Yes, ambitious measures are required, but it is most important that they are driven by the science. The science says that the world as a whole must cut carbon emissions by at least 50 per cent. by 2050, and that developed countries must play their part in that. The target is non-negotiable. We must meet it, and I think we can meet it.

Topical Questions

T1. [250002] **Mr. John Baron** (Billericay) (Con): If he will make a statement on his departmental responsibilities.

The Secretary of State for Energy and Climate Change (Edward Miliband): The Department of Energy and Climate Change is committed to working to ensure security for Britain. During the past few weeks, we have been working with our EU partners to resolve the dispute over the gas supply between Russia and Ukraine, which has led to states of emergency in some European countries. The end of the dispute earlier this week was welcome and overdue. It is essential that the EU now takes effective steps in the European strategic energy review to improve energy resilience, and it is always important that we remain vigilant in ensuring UK security of supply by working with National Grid and Ofgem.

Mr. Baron: Residents living in fuel poverty in my constituency often do not have a bank account, so do not have access to the cheapest energy tariffs. Will the Secretary of State consider instructing energy companies to state on their bills whether customers are on the cheapest tariff and, if not, how much they would save if they were, and, more important, how they can gain access to that tariff?

Edward Miliband: The hon. Gentleman has suggested an ingenious idea, which we will consider. Ofgem has said that it needs to provide better information for customers, and the House will agree with his point about people who do not have access to bank accounts. It is important that Ofgem is proposing changes in the law and licence conditions to prevent unfair discrimination, but I agree that better information is also important for those customers.

T2. [250003] **Mr. Graham Allen** (Nottingham, North) ([illegible]): May I ask about the miners' compensation scheme? I speak with some passion as the son of a coal miner. Is it appropriate that almost half the money set aside for that scheme has gone into the pockets of lawyers, some of whom are detained at Her Majesty's pleasure? Will he ensure that the money is properly directed?

Mr. Speaker: Order. This is topical questions, so supplementaries should be brief.

The Minister of State, Department of Energy and Climate Change (Mr. Mike O'Brien): I have considerable concern about that—my constituency is also a mining one—and some of my constituents have been faced with solicitors who have claimed money not only from them but from the previous Department of Trade and Industry and the Department for Business, Enterprise and Regulatory Reform. That is a matter of considerable concern. The Solicitors Disciplinary Tribunal recently made some decisions that I welcome, but a lot more needs to be done to ensure that we get to the bottom of what seems to be a scandal of considerable proportions.

T3. [250005] **Anne Main** (St. Albans) (Con): What assessment has the Minister made of the 10 per cent. reduction in fuel charges announced today for standard tariff payers, which will result in a £100 reduction for prompt payment, whereas those on prepayment meters, as of December, will get only £22 off their bills, yet again widening the inequity between the two tariffs?

Mr. Mike O'Brien: We welcome the decision of British Gas to bring down its prices. We met British Gas on Monday, and gave it a clear message. It has now written to me saying that it has accepted that message and has responded. We now want the other energy companies to get the message that wholesale prices are going down and we want prices to follow. We also welcome Ofgem's work in its probe to ensure that unfair pricing with prepayment meters is dealt with. We have made it very clear that if the matter is not dealt with by Ofgem and the energy companies, we will legislate to do so.

T6. [250008] **Mr. Barry Sheerman** (Huddersfield) (Lab/Co-op): Does my hon. Friend realise that if only 0.5 per cent. of the upland, peat land and coastal marshes were taken out of operation and used for construction or any other purpose, it would totally negate any efforts to meet our carbon reduction targets for 2050? Will we preserve those areas?

Mr. Mike O'Brien: We certainly want to ensure that each decision on a development is taken after a full and proper assessment of the environmental impact. Therefore, we have to ensure that we recognise areas of particular sensitivity and the importance of the need to preserve them, while balancing that with the need to ensure the proper development of renewables for the long-term safeguarding not only of our country but of the planet.

T4. [250006] **Miss Anne McIntosh** (Vale of York) (Con): The Government are committed to renewable energy sources and to some stringent requirements under the EU landfill directive, which they are currently on course to breach. Will the Minister therefore look at renewable energy sources such as energy from waste, combined heat and power, and anaerobic digestion? Otherwise, we will have to pay fines for not meeting the landfill targets, and that would be very unfair.

The Parliamentary Under-Secretary of State for Energy and Climate Change (Joan Ruddock): The Government are committed to ensuring that we do not pay fines under the landfill directive, and that has been the whole purpose of the major programme to provide more infrastructure, including £10 million for anaerobic digestion and £2 billion of private finance initiative credits to develop new ways of dealing with waste, some of which can of course include the production of energy and heat.

Clive Efford (Eltham) (Lab): The Government have set environmental targets that must be met before expansion at Heathrow can go ahead. Does my right hon. Friend agree that those targets must be independently assessed, enforceable and legally binding if we are to restore public confidence?

Edward Miliband: I do agree with my hon. Friend, and that is why we have referred the question of the new target, and how we can best implement it, to the Committee on Climate Change, the independent experts. It is a significant target and I hope that Opposition Front Benchers—especially given their past writings—will look at that target. We are the first Government in the world to set such a target, and I agree that it must be enforceable, and enforced.

T5. [250007] **Mr. Philip Dunne** (Ludlow) (Con): Thousands of jobs in north Wales and elsewhere are dependent on electricity generated by the Wylfa nuclear power plant in north Wales, especially at the aluminium smelter on Anglesey, which is a supplier to one of the largest employers in my constituency. The Nuclear Decommissioning Authority has recently rejected commercial proposals to extend the safe operating life of that power plant. Will the Secretary of State now work with the Business Secretary to seek the reversal of that decision and protect jobs at this difficult time for the local economy?

Mr. Mike O'Brien: The answer to that is yes. This week I met the local authority involved to discuss some of the issues. The Department for Business, Enterprise and Regulatory Reform is seeking to find out whether the NDA and Anglesey Aluminium—and Rio Tinto, which owns the latter—are prepared to negotiate a deal. As the hon. Gentleman knows, the issue is not only price, although that is a key factor, but what will happen when Wylfa goes and whether there is an alternative energy source available in the long term. It is a complex negotiation, but we are certainly anxious to resolve it and save the jobs involved.

Mr. Lindsay Hoyle (Chorley) (Lab): Does my right hon. Friend agree that many people have been put into fuel poverty because the energy companies have increased their prices so hugely and have made immoral profits? The best and quickest way to take people out of fuel poverty is to reduce the price of electricity and gas alike.

Edward Miliband: My hon. Friend has been a doughty and effective campaigner on this issue. Let me put it this way: he is more right than wrong. We welcome the price reductions announced by Centrica this morning, and it is important that other companies follow suit. We need to see price reductions comparable to the price increases that we saw earlier this year. Wholesale gas and electricity prices are falling, and it is important that the benefit is fed through to customers.

Martin Horwood (Cheltenham) (LD): Partnerships for Renewables is a rare British example of an initiative to promote the kind of community-based wind energy and renewable energy that has proved so popular in other countries and that might go some way to diffuse the opposition of local Conservative politicians. Why have the Government done so little to resource and promote Partnerships for Renewables, to the extent that most local authorities, agencies and Government Departments barely seem to know that it exists?

Edward Miliband: The hon. Gentleman often talks sense, and I think that he is talking sense on this occasion, too. We need to do more on Partnerships for Renewables. The public sector as a whole has not, in my view, risen to the challenge of building renewables sufficiently. There is more that we can do in local communities. The feed-in tariff will help in that regard.

but I think that Partnerships for Renewables is a very important project. It needs to be promoted and the public sector needs to step up its game.

Mr. Denis MacShane (Rotherham) (Lab): Is my right hon. Friend aware of the raw fear in the steel sector of South Yorkshire and other manufacturing about the fact that the energy companies are not reducing prices for electricity to industry, when the price of oil has descended to a quarter of what it was six months ago? The Prime Minister is doing what it takes on banks—can the Secretary of State do what it takes on energy prices? If he cannot, will he understand that calls for the state ownership of our electricity companies will again come into play? We will not see manufacturing industry destroyed, as happened when the Opposition were last in power.

Mr. Mike O'Brien: I certainly agree that we do not want to see the steel industry or other industries destroyed in the way that they were in the 1980s. However, we need to ensure that where energy prices are coming down and contracts are being negotiated—that is a key issue—those high energy consumers are able to get the best possible deals from the energy companies.

We welcome the fact that domestic energy supplier prices are coming down and the announcement from British Gas today, but we are also aware that wholesale prices are coming down. That will give some opportunities for large industrial users to negotiate better contracts. Some of them are tied into long-term contracts and that is part of the problem. New contracts will enable better prices, and I hope that that will help some of the highly intensive energy users.

HOUSE OF COMMONS COMMISSION

The hon. Member for North Devon, representing the House of Commons Commission, was asked—

Visitor Passes

1. **Mr. Andrew Pelling** (Croydon, Central) (Ind): What plans the Commission has to recycle lanyards used with parliamentary visitor passes once they have been discarded. [250010]

Nick Harvey (North Devon) (LD): The new parliamentary visitor pass system was introduced last summer. The new system incorporates a temporary photographic paper pass carried in a lanyard. The lanyards are recovered at the exits to the parliamentary estate and returned to use where suitable. About 30 per cent. of the lanyards issued are currently reused in this way.

Mr. Pelling: I thank the hon. Gentleman for that answer, which follows up an answer that I received from the Leader of the House about three months ago which suggested that the items were being stored before a decision on reuse was made. It is very good news that the House is reusing them. What work is being done to ensure that we further increase the reuse of the cords for visitors' passes? After all, we have up to 1 million visitors a year coming through this place.

Nick Harvey: We do indeed. It is recognised that the current system of putting the passes into bins is not satisfactory. A new system, with better signage and a free-standing device to hang the passes on, is being brought in. That should improve the recycling rate considerably, but we do recognise that some people take their passes home as souvenirs of their visit.

LEADER OF THE HOUSE

The Leader of the House was asked—

Public Bills

2. **Dr. Evan Harris** (Oxford, West and Abingdon) (LD): If she will take steps to ensure that all Government amendments and new clauses to public bills are debated by the House on Report. [250011]

The Deputy Leader of the House of Commons (Chris Bryant): As far as possible, we always try to make sure that the Government do not table new issues on Report and that there is plenty of time for full debate. I have been working with Ministers in charge of Bills to ensure that we do better this year, but I confess that it is an art, not a science. No matter how hard I try, I cannot prevent Members' loquacity or prolixity.

Dr. Harris: I am grateful to the hon. Gentleman for his response. Does he recall that during proceedings on the Criminal Justice and Immigration Bill, huge swathes of Government amendments and new clauses were never reached, which meant that this House failed to do its job in holding the Executive to account and carrying out the scrutiny that the Prime Minister rightly says it is a priority for him to improve? On the Coroners and Justice Bill, for example, will the Deputy Leader of the House give us an assurance that every effort will be made by Government business managers to ensure that this House can debate both Government and Opposition amendments and new clauses? If necessary, will he provide the second day on Report that is so often needed for us to do our job properly?

Chris Bryant: The hon. Gentleman is right that we need to make sure we do our scrutiny job properly, and that means devoting enough time to every element that needs to be debated. However, he is wrong in the sense that some Government amendments introduced at Report stage are in direct response to requests from the Committee. *[Interruption.]* The hon. Gentleman is chuntering again, but the truth is that that applies to the majority of Government amendments. I have spoken already to the Minister responsible for the Bill that he mentioned. We are trying hard to make sure that we are not introducing new elements and areas of debate and, if necessary, we will try to provide a second day for debate on Report.

Rob Marris (Wolverhampton, South-West) (Lab): Since 1997, there have been 66 criminal justice Bills. That is too many, and too often they merely undo improperly scrutinised earlier Bills, thereby wasting the House's time. For proper scrutiny, and to avoid that problem in the future, may I urge my hon. Friend to ensure that we have two days on Report stage much more frequently?

Chris Bryant: I think that we need to have the right amount of time, but two other things can help. First, my hon. Friend has campaigned for a long time for pre-legislative scrutiny, which is an important way to make sure that we do a better job before a Bill is introduced into Parliament. Secondly, post-legislative scrutiny can identify legislation that is not working or has not been useful. For that matter, it can also be used on legislation that has not been fully implemented. We should take such legislation off the statute book and not let it lie there dormant.

Sir George Young (North-West Hampshire) (Con): The Deputy Leader of the House will know that the current regime for proceedings on Report was introduced about 10 years ago, following recommendations from the Modernisation Committee. Should they not be reviewed now? How might that happen, given that the Modernisation Committee has apparently stopped meeting?

Chris Bryant: I am not sure that this might not be a matter for consideration by the Procedure Committee; it has a splendid Chairman, who is unfortunately not able to be with us at this moment, and it does a very good job. However, the right hon. Gentleman makes a valid point, as hon. Members of all parties have occasionally not been satisfied with how the Report stage has progressed. Sometimes, they have confused Committee stage with Report stage, and that has made it difficult for us to do our job properly. So perhaps this is something that the Procedure Committee should look at.

Mr. David Heath (Somerton and Frome) (LD): It did not take long for the Deputy Leader of the House to forget that Report stage is the key moment for Back Benchers to scrutinise Bills properly. Does the hon. Gentleman agree that the problem is not that Back-Bench Members speak for too long, as he suggests, but that programme motions do not take account of the business that is to be transacted? Moreover, far too many Government amendments are introduced at Report stage, not because they respond to points raised in Committee but because, as a result of the idleness or incompetence of the Ministers responsible for the Bill in the first place, they were not ready earlier.

Chris Bryant: I agree with the hon. Gentleman that it is important for the Government to consider all the relevant issues before legislation is introduced. We should not bring in new elements after that, so it is important that the short titles of most Bills are fairly tight to render that impossible. However, he is wrong to suggest that the vast majority of the amendments tabled by the Government are new ones of their own devising. The vast majority are concessionary to the Opposition, and sometimes they are even a concession to a good point made by the Liberal Democrats.

Written Questions

3. **David Taylor** (North-West Leicestershire) (Lab/Co-op): How long on average it took to answer parliamentary questions for (a) ordinary and (b) named-day written answer in the last five years. [250012]

The Deputy Leader of the House of Commons (Chris Bryant): I am afraid that I must disappoint my hon. Friend. Collating the 73,357 questions to 29 Departments and working out a mean, median or indeed average reply rate has not been possible. However, Departments know that they should answer written parliamentary questions within a working week, and named-day questions on the day that they are for answer. I want to know about it if they are failing to do so. As it happens, the office of Leader of the House has answered 100 per cent. of named-day questions on the day that they were for answer, and 200 out of 202 other questions within five days.

David Taylor: Computers have been around for 60 years, for goodness' sake. Departments are required to answer questions accurately, promptly and truthfully, but their performance is often deplorable, as I know from my protracted attempts over the past year to extract information about the recording of hospitality for senior civil servants. Does my hon. Friend support my recommendation that Secretaries of State should have their salaries reduced by, say, 5 per cent. for every day over the two-week target that their Departments take to answer the average written question?

Chris Bryant: I am not sure that I can entirely support my hon. Friend in that suggestion—although perhaps if all Secretaries of State were paid the same as Deputy Leaders of the House that would be an interesting point. The important point that I think he is trying to make is that every Department should answer questions promptly, fully and without any form of obfuscation, and I want to ensure that that is what they do.

Mr. Peter Bone (Wellingborough) (Con): The Deputy Leader of the House is being unusually intransparent—if that is a word; I like to make things up—untransparent. [HON. MEMBERS: "Opaque."] Indeed. Anyway, the point that I am making is that it is beyond belief that an average could not be worked out by taking a sample of questions. My view is that the Government are hiding something. Does he agree?

Chris Bryant: Funnily enough, I do not agree with the hon. Gentleman, and I do not think that I am being opaque. I certainly do not think that I am being intransparent. The important point is that we should ensure that Departments in every area of government answer questions properly on the named day or within the time scale. The vast majority of questions are done so. He may not be happy with every answer that he gets, but the one thing that I undertake to take on—I have been working closely with ministerial colleagues in every Department—is for instance, before Prorogation, to ensure that Ministers do not just suddenly say, "Oh well, prorogation is coming up; we're not going to answer any questions." We did better last year than the year before. I also want to ensure that, if there are pinch points in individual Departments and we are not getting sufficient answers swiftly enough, we deal with that.

Mr. David Drew (Stroud) (Lab/Co-op): I hear what my hon. Friend says, but is it not disgraceful that some of the questions that were not answered had been tabled months before Prorogation? It is a device to allow Departments to get away with it. I retabled all my questions in the new Session, but I hope that he will look into this, because it is not right.

Chris Bryant: That matter was raised before the last Prorogation, and I wrote to Ministers at the time laying down the rules that govern it. I am very happy to provide a copy of that letter to my hon. Friend and to place one in the Library.

Mr. Shailesh Vara (North-West Cambridgeshire) (Con): The Deputy Leader of the House tells us that he wishes to be informed where there are lapses. Perhaps he ought to be aware that, at the end of the 2007-08 parliamentary Session, nearly 500 questions, tabled for more than a month, did not receive a reply at all—not even the usual Prorogation reply. Will he look into these serious lapses and tell us what he proposes to do to ensure that, in future, all written questions receive a substantive reply in good time?

Chris Bryant: The shadow Deputy Leader of the House takes a keen interest in what happens before Prorogation. As I said in answer to my hon. Friend the Member for Stroud (Mr. Drew), I wrote to Ministers before Prorogation to try to ensure that, if anyone was thinking of using such a device to get out of answering a question, they should not do so. Perhaps my letter was sent a little late, and this year we will try to make a better fist of this.

Parliamentary Privilege

4. **Sir Nicholas Winterton** (Macclesfield) (Con): What recent assessment she has made of the effectiveness of the arrangements for parliamentary privilege in protecting the rights of hon. Members. [250013]

The Deputy Leader of the House of Commons (Chris Bryant): The right of Members of Parliament to speak without fear or hindrance, and their duty to speak without favour are essential parts of our parliamentary democracy and will always need a stout defence.

Sir Nicholas Winterton: I am pleased that the Deputy Leader of the House rightly considers parliamentary privilege to be essential, critical and vital if Members of Parliament are to carry out their duties and responsibilities without fear, hindrance or favour, but does he not agree that implementation of the statement made some while ago by Mr. Speaker that a Committee should be set up to look into this matter is very long overdue? Bearing in mind not only the case of my hon. Friend the Member for Ashford (Damian Green) but the more recent case—I am not entering into its merits—of my hon. Friend the Member for Shrewsbury and Atcham (Daniel Kawczynski), it clearly is time that the House had an opportunity to look deeply at how parliamentary privilege might be safeguarded.

Chris Bryant: As I am sure that the hon. Gentleman will know, parliamentary privilege has been fiercely debated for many centuries; indeed, elements of it go back to 1515. It is important that we have a clear understanding of parliamentary privilege. Any hon. Members who have not read the 1999 report of the Joint Committee on Parliamentary Privilege should do so; it is a fine exposition of the issues. On the question relating to the hon. Member for Shrewsbury and Atcham (Daniel Kawczynski), I think that you, Mr. Speaker, are likely to cover the matter in your statement in a few moments. On the Committee that was set up, we would be more than happy for it to meet. Unfortunately, we have not had the support of Opposition parties on that. The Committee could choose a Chairman, and as soon as police or any other investigations are completed, it will be able to get on with its business.

Sir Patrick Cormack (South Staffordshire) (Con): I am glad that the Deputy Leader of the House referred to the 1999 report; I was a member of the Committee that produced it. The Government have never implemented the recommendations, even though they indicated sympathy with them. May we have an early debate on that report, with some definitive statements from the Government?

Chris Bryant: The hon. Gentleman makes an interesting point, not least because the report highlighted the significance of freedom of speech, which is vital to our parliamentary democracy. The report reiterated article 9 of the Bill of Rights of 1689, which says that

> "freedom of speech and debates or proceedings in Parliament ought not to be impeached or questioned in any court or place out of Parliament".

There were a series of recommendations. Some of them have been followed through in the business of the House, and some of them have not yet been put into law. The hon. Gentleman perhaps makes a good point about the need for us to have a full debate, so that people can fully understand the nature of parliamentary privilege, which is not quite as some members of the press have suggested it is.

Speaker's Statement

11.31 am

Mr. Speaker: I have a statement to make. Yesterday evening, the hon. Member for Shrewsbury and Atcham (Daniel Kawczynski) raised a point of order in which he reported that police had entered his office without permission and demanded that he release to them correspondence from his constituency. The House authorities have looked into the matter. I can tell the House that the case concerned general inquiries in the course of an investigation into a serious crime that may involve threatening behaviour towards Members and other public figures. It did not involve the hon. Member for Shrewsbury and Atcham or his staff.

In the course of the investigation, a police officer assigned to duties in the House, but exercising her responsibilities as a constable, sought assistance from the staff of the hon. Member and agreed a time to meet them. Assistance was given by the hon. Member's staff after the officer had explained the nature of the inquiry. At a point in their discussion, the hon. Member was contacted by his staff because it was thought necessary to seek his permission for the police to obtain a single-sheet document from his office. The purpose of the investigation was explained to the hon. Member, and after discussion, he agreed to supply the document. *[Interruption.]* Order.

I can confirm to the House that at no time during those proceedings did the police exercise any compulsory powers to require the document to be supplied. The hon. Member and his staff were not the subject of the police inquiry. It was not a matter that involved the seeking of a search warrant. I can confirm that the document is not privileged, but for reasons related to the sensitivity of the police investigation, I make no further comment about the details of the case.

The hon. Member for Shrewsbury and Atcham was made aware of these details by the police. While I accept that, in this case, the police officer acted with good intentions, I have instructed that any police officer assigned to duties in the House must advise the Serjeant at Arms of the intention to seek the assistance of a Member and his staff in his offices. The Serjeant at Arms will in turn approach the Member before the police take further action. I shall, of course, keep the House informed of any details concerning the case in-so-far as it affects the privileges of the House.

Business of the House

11.34 am

The Leader of the House of Commons (Ms Harriet Harman): With permission, I should like to make a statement about the business for next week:

MONDAY 26 JANUARY—Second Reading of the Coroners and Justice Bill.

TUESDAY 27 JANUARY—Second Reading of the Welfare Reform Bill.

WEDNESDAY 28 JANUARY—Opposition Day [2nd Allotted Day]. There will be a full day's debate on an Opposition motion about the Government's proposals for Heathrow.

THURSDAY 29 JANUARY—Topical debate: Holocaust memorial day, followed by a general debate on armed forces personnel.

The provisional business for the week commencing 2 February will include:

MONDAY 2 FEBRUARY—Remaining stages of the Political Parties and Elections Bill (Day 1).

TUESDAY 3 FEBRUARY—Motions relating to the police grant and local government finance reports.

WEDNESDAY 4 FEBRUARY—Opposition Day [3rd Allotted Day]. There will be a debate on an Opposition motion. Subject to be announced.

THURSDAY 5 FEBRUARY—Topical debate: subject to be announced, followed by a general debate on food safety.

I should also like to inform the House that the business in Westminster Hall for February 5 and 12 will be:

THURSDAY 5 FEBRUARY—A debate on the report from the Justice Committee entitled "Towards Effective Sentencing".

THURSDAY 12 FEBRUARY—A debate on the report from the Transport Committee entitled "Delivering a Sustainable Railway: A 30-year Strategy for the Railways".

Alan Duncan (Rutland and Melton) (Con): I thank the Leader of the House for giving us the forthcoming business and, in turn, I thank you, Mr. Speaker, for your statement just now.

Apart from a short exchange on a point of order yesterday, this is my first formal encounter with the right hon. and learned Lady. May I say to her and the House that I am delighted to have been appointed her shadow? I have always held a dangerously romantic affection for the House of Commons, and it looks as though my teenage years spent reading *Hansard* and "Erskine May" under the duvet might now finally pay off.

I hope, Mr. Speaker, that you will allow me while I hold this position to work towards three principal objectives: to explore all ways of making Parliament work better for Britain; to help overcome the low reputation of Parliament in the eyes of much of the press and the public; and to take an understanding of Parliament and our democracy into schools, so that younger people can overcome their instinctive derision for politicians. As shadow Leader of the House, one must work on many levels. One must be able to work on

[Alan Duncan]

a non-partisan basis of trust as well as take part in vigorous exchanges of political difference. I undertake to do both.

I thank the right hon. and learned Lady for giving us a debate on Holocaust memorial day; I hope as many Members as possible will participate in it. Given the Government's complete change of heart yesterday about disclosing expenses, in the event that the House passes today's motions, will the Leader of the House confirm that she will continue to take further steps to ensure that we as MPs are open and accountable for all the expenses that we claim from taxpayers' money?

The UK's relationship with India is potentially one of our most crucial strategic alliances. Yesterday, however, we learned that senior Indian officials have officially complained about the "condescending" and "totally tactless" behaviour of the Foreign Secretary during his visit there last week. Given that the Secretary of State for Business, Enterprise and Regulatory Reform has also been in India this week, may we inquire whether he has been sent there to clear up the damage caused by the Foreign Secretary's visit—or is he there to make things worse? May we have a debate on the relationship between India and the United Kingdom, to remind the Foreign Secretary of the immense value that the whole House places on our continued friendship with a country that will become more powerful and prominent in world affairs?

In their national security strategy, the Government have highlighted the probability of a pandemic influenza outbreak and the risks associated with it. Yet despite that danger, the Government have consistently denied Members the opportunity to raise their concerns about the matter in the House, even though we have been requesting time to debate it for well over two years. Given the importance of that risk, may we have a debate on it in Government time?

Yesterday, we saw the release of the latest figures which show unemployment racing towards 2 million, and most forecasters predict that this year it will burst through 3 million. Today, the value of sterling is at its lowest point for nearly 25 years. The exchange rate is the price tag put on our country's value by the rest of the world, and it is plummeting. Why, if this is a global phenomenon, is Britain in so much worse a position than other countries across the globe? It is increasingly difficult to persuade the Government to debate the future of the economy in Government time. Only last week, we had to drag Ministers to the House to explain the announcement of their loans guarantee scheme. Given that the Prime Minister is so keen on telling everyone how brilliant he is, the Government's reticence on the economy seems rather strange. In the interests of recognising the saviour of the world's achievements over the past few months, may we now have a full debate in Government time on the state of the British economy and how we can escape from the Government's mishandling of our livelihoods?

Finally, did the Leader of the House see this morning's headline which says, "What planet are they on?" Ministers have been seeing strange things—green shoots, booming houses and flickering lights at the end of imaginary tunnels. Has the right hon. and learned Lady had any similar hallucinations, and will she now come down to earth and speak of economic reality instead of the fantasy of Government headlines?

Ms Harman: I warmly welcome the shadow Leader of the House to his new position and pay tribute to the work done by his predecessor, the right hon. Member for Maidenhead (Mrs. May). I agree with his enunciation of the principles that he is going to stand by as shadow Leader of the House, and I look forward to working with him on them.

The hon. Gentleman welcomed the fact that we have chosen Holocaust memorial day as the subject of next week's topical debate. Last year's debate was one of the best attended, most heartfelt and important topical debates on a Thursday that we have had. As the fallout from Gaza affects all communities in this country and everybody has heartfelt concern about it, on Holocaust memorial day we will particularly reflect on the increased anti-Semitic attacks that there have been on the Jewish community and synagogues in this country. I thank the hon. Gentleman for his welcome for the Holocaust memorial day topical debate. Any time that he wants to suggest a topical debate, I would be more than happy to hear his suggestions. That is an offer that I made to him when we met privately at his request. I was very grateful to him for offering me a man-to-man chat, and I am happy to have one of those chats with him on any occasion.

On freedom of information, we have had no change of heart. We want there to be clear rules, robust audit and proper transparency so that the public can know how much MPs spend and can have that information every year. I urge the hon. Gentleman not to get on his moral high ground against me on the question of transparency, because I have been perusing the transparency on his website. I have had trouble as Leader of the House with my own website, because somebody hacked into it and put all sorts of things on it which I had not said. I think that he has been having the same problem, because on his website—I am sure that he could not have written this himself—it says:

> "Alan Duncan has been a pivotal influence in the fortunes of the Conservative Party in Britain for well over ten years."

I am sure that he will want to correct that. When it comes to transparency, he has been busy putting that sort of thing on his website but has failed to mention his financial interests in oil companies. I really do think that he should put his website where his mouth is.

The hon. Gentleman raised the issue of relations between India and the United Kingdom, and he made an important point. Our relations with India are important: it is a global player that is important to our economy. There are strong relations between the Prime Minister and his Indian counterpart, and with the Chancellor of the Exchequer. There are close links between the communities of Indian origin in this country and those in India, as well as the important relations that the Foreign Secretary and Foreign Office Ministers have. I will consider the hon. Gentleman's suggestion as the subject for a future topical debate.

I will discuss with my right hon. Friend the Secretary of State for Health whether we ought to have a debate on the question of the protection in place for flu epidemics.

The hon. Gentleman raised the worrying issue of the rise in unemployment, and as the Prime Minister said to the House yesterday, when someone becomes unemployed it is not only a devastating blow for them, but of concern to everyone, and it is of great concern to this House and the Government. That is why we have been determined to take action to recapitalise the banks, to have a funded loan guarantee scheme, to have a fiscal stimulus into the economy and to ensure that we bring forward capital infrastructure projects. We will never say, "Let the recession take its course," or that unemployment is a price worth paying. As far as the opportunity for the House to debate the economy is concerned, we are not backward in coming forward to ensure that it can debate the economy. Every week, we need to have substantive debates, statements and questions, and we make sure that that is the case.

I shall conclude by saying that the hon. Gentleman brings a dash of sartorial elegance to his Front-Bench team, who are otherwise sometimes a bit drab; drab he is not. On a personal note, I would just like to say that I really love his watch. I understand that he was given it by the Sultan of Oman. It is absolutely lovely. Also, I really like the cufflinks that he is wearing today; are those the ones that the Sultan gave him? They are absolutely great.

Mr. Parmjit Dhanda (Gloucester) (Lab): These are my own cufflinks, Mr. Speaker.

Would my right hon. and learned Friend consider allowing time for a debate on the accountability of local government? A few weeks ago the chairman of Gloucester City football club and I approached Gloucestershire county council for some money to put towards a new football stadium. The council said that no money was available at all, but overnight it has announced the use of £7.4 million to purchase of a piece of land on the edge of my constituency for a 10-storey incinerator, despite the fact that those involved said in their manifesto that they opposed incineration.

Ms Harman: The week after next, motions relating to the police grant and local government finance reports will be considered. My hon. Friend might find an opportunity to raise that point then.

Mr. David Heath (Somerton and Frome) (LD): May I, too, welcome the hon. Member for Rutland and Melton (Alan Duncan) to his new position? I am sure that he is indeed a pivot. In the spirit of his congratulations to the Leader of the House on her change of heart on the freedom of information, I also thank him for the change of spirit in the Conservative party from the position adopted in respect of the former Conservative Chief Whip's private member's Bill only a couple of years ago—or even the position last Monday, actually.

I ask the Leader of the House to consider seriously the point made by the hon. Member for Rutland and Melton about a debate on the economy. When I last held my current position, I regularly asked why there were no debates in Government time on the two conflicts in which we were engaged, which were the subject of many statements, but few debates. We have now had debates on those conflicts, but we have not had debates on the economy in Government time. This is a serious issue. We have had statements that refer to mouth-wateringly large amounts of money that have been given to the banks regularly, but that is no substitute for a debate. Apart from anything else, we need to know where that money has gone and why it was not conditional. It seems to many of us that it was not so much capitalisation as capitulation to the banks. We need an urgent debate on the economy.

The Leader of the House has announced that on Tuesday 3 February we will debate motions relating to the police grant and the local finance report. May I ask, as I have in previous years, for those two debates to be separated? It is unhelpful to Members who wish to raise matters about policing not to have the opportunity to engage directly with the Minister for Security, Counter-Terrorism, Crime and Policing, and a similar point could be made about those who wish to discuss local authorities.

Many district councils, like those in my constituency, will be concerned about the widening gap between the amount provided to support the free bus scheme and the amount that it actually costs. I have nothing against the free bus pass scheme, which is an excellent policy, but it is not being funded. South Somerset district council tells me that there is a gap of £567,000 this year, and that it will be £730,000 next year. That is a colossal hole in the revenue of a small district council, and we need to consider how to close it.

I wish to mention the very serious matter that was raised by the hon. Member for Newport, West (Paul Flynn) on a point of order yesterday, column 753 of *Hansard*. He told the House that there was evidence of a calculated, pre-meditated conspiracy to subvert the procedures of the House and our ability to scrutinise Ministers in underwriting a contingent liability of more than £250,000 in respect of Sellafield, and to prevent Members from challenging it. That seems an egregious abuse of the House and its procedures. You, Mr. Speaker, gave an answer to the point of order, but I now ask the Leader of the House to undertake a proper investigation, report back to the House and make a statement. We simply cannot have the financial scrutiny afforded to Members diverted by Ministers in such a way.

Finally, may we have a debate on the Government's concept of social mobility? I have in my hand the Government's response to the report of the Select Committee on Justice on the appointment of lords lieutenant. The Government congratulate themselves on the progress that they have made, stating:

> "However, over the last thirty years the social diversity of the lieutenancy has widened considerably. For example, thirty years ago, 20 Lord-Lieutenants were peers and many were retired senior military officers. This year, out of a total of 55, only 7 are peers".

Well, that is progress. May I suggest to the Leader of the House that if the slogan in the United States is "Yes we can", it appears that in this country it is "No we can't"?

Ms Harman: The hon. Gentleman makes a point about the economy. As I said to the shadow Leader of the House, we will ensure that there are opportunities every week to discuss the No. 1 priority and concern of all of us, which is helping the British economy through the difficult and uncharted waters caused by a global banking crisis.

[Ms Harman]

The hon. Gentleman asked for the debates on the motions relating to the police grant and local government to be separated. I shall consider that request and get back to him, and make any announcement in next Thursday's business statement.

The hon. Gentleman raised the matter of Sellafield. We have just had Energy and Climate Change questions, and I do not know whether he sought to raise the matter, but I suggest that he take it up with DECC Ministers.

The hon. Gentleman mentioned the social mobility White Paper, and I thank him for his support for social mobility, which is something we should all be concerned about. In that context, he mentioned the lords lieutenant, and I shall certainly add them to the list of institutions that really need to sort themselves out and get themselves into the 21st century.

Rob Marris (Wolverhampton, South-West) (Lab): May I make my annual plea to the Leader of the House that Government drivers coming on to the estate should be provided with a warm place to sit while waiting for Ministers, so that they do not have to sit in the car park outside Speaker's House in their hybrid, environmentally friendly cars, with the motors running to keep warm? Symbolism is important, and it is a pretty bad show. They need somewhere warm to sit.

Ms Harman: I will raise that important point with my right hon. Friend the Secretary of State for Transport and ask him to write to my hon. Friend, after having also consulted the Secretary of State for Energy and Climate Change, as it is not just a matter of personal comfort but an environmental issue.

Patrick Mercer (Newark) (Con): The Leader of the House may well be aware of the increasingly serious disturbances that are occurring outside the Staythorpe power station in my constituency. That is not the only site where such disturbances are occurring. May we have a debate on the subject, perhaps entitled, in the Prime Minister's words, "British jobs for British workers"?

Ms Harman: I suggest that the hon. Gentleman seeks a meeting with the relevant Secretary of State on that important issue for his constituency. I shall alert the Secretary of State that such a request might be forthcoming, and I think that that would be a good way for the hon. Gentleman to take the matter forward in the first instance.

Ms Celia Barlow (Hove) (Lab): Yesterday I had the pleasure of attending the launch of the "Time to Change" campaign. It is intended to bring awareness of mental health issues and provide support for people with mental health problems. Many constituents with mental health problems have written to me about the Welfare Reform Bill, which is to be discussed next week. However, will my right hon. and learned Friend find time for a discussion of the wider problems that such people face and of how to raise awareness of them and create more sympathy?

Ms Harman: I congratulate my hon. Friend on mentioning the "Time to Change" campaign, and, like her, I give it my backing. That is why we are taking measures in the equality Bill to strengthen the law and protect people from discrimination on the grounds of mental health problems, why this is a major issue for the Department of Health and why the Welfare Reform Bill will ensure that help is available to get people into work, irrespective of their disability. We will ensure that they are able to take up opportunities to work. I shall consider whether we should make the matter the subject of a general or a topical debate, because how we support those with mental health problems is very important.

Sir George Young (North-West Hampshire) (Con): Further to the question asked by the hon. Member for Wolverhampton, South-West (Rob Marris), is it not the case that the drivers sit in their cars with the engines running not because they have nowhere else to go but because Ministers complain about being driven home in cold cars?

May I raise a point about topical debates? Next Thursday, we are to have a topical debate on Holocaust memorial day, which I welcome, but that inevitably erodes the time available to debate the subsequent business. Today, there is no topical debate and so no erosion of the business that we are shortly to debate. What criteria does the Leader of the House use to decide whether the business needs to be protected from a topical debate? Surely she is not saying that the debate to come today is more important than the debates to be held on the two following Thursdays.

Ms Harman: Each day, and therefore each Thursday, I look at the business to try to ensure that we have the right amount of time to debate a number of competing issues. For example, I originally picked the Gaza debate last week as a topical debate, which would have lasted just an hour and a half. So many Members wanted to speak that I moved the armed services personnel debate and made the Gaza debate a whole day's debate. All such issues are important, and we try to make enough space for them. There will be a topical debate before the armed forces personnel debate, but that was always going to be the case even before it was moved. There will be further debates through the year on armed forces issues, whether they concern procurement or other matters.

Mr. Andrew Mackay (Bracknell) (Con): Can I put it to the Leader of the House that it is very important to have further urgent debates on the banking crisis? They should be led by the Prime Minister, not least because he has been criticising certain erstwhile bankers, particularly Fred Goodwin. That would give us an opportunity to ask the Prime Minister whether that is the same Fred Goodwin whom he knighted, lunched at Chequers and put on his international business advisory panel.

Ms Harman: The right hon. Gentleman, like all hon. Members, has an opportunity to ask the Prime Minister questions every week at Prime Minister's Question Time. I do not think that there has been a single Prime Minister's Question Time when he has not answered questions on the subject and sought the opportunity to explain the action that we are taking to ensure that we give real help to businesses and to people who are worried about their jobs and their ability to get a mortgage. He explains that we are laying the basis for a sounder future for our economy. Our economy and the global economy will not always be in recession, and we need to ensure that we build for the future. That is why we are bringing forward capital infrastructure projects, instead of doing what the right hon. Gentleman's party is urging and cutting them.

Keith Vaz (Leicester, East) (Lab): Last December, in a press release, the Home Secretary told us that knife crime involving teenagers carrying knives had halved. Today, in another press release, which Sky News picked up, she informs us that the number of teenagers carrying knives has increased by 18 per cent. and that murders involving knives have increased by 10 per cent. Although the Home Secretary gave evidence to the Select Committee on Home Affairs on Tuesday and spoke in the House on the Policing and Crime Bill on Monday, she did not mention those statistics. In the words of the shadow Leader of the House, could my right hon. and learned Friend have a man-to-man chat with the Home Secretary to ascertain whether she could make a statement to the House? If we are to have a serious debate about crime and policing, we need proper statistics, which the House can scrutinise.

Ms Harman: Of course statistics on crime are important. The Home Secretary has been holding discussions with the senior statisticians in her Department and the head of the independent National Statistics organisation. We want to ensure that we get the figures absolutely right so that we can be as clear and open with people as possible about an issue of great concern to everyone. Let me reassure my right hon. Friend—I hope that what I am about to say is not also a matter for statistical discussion: the British crime survey, which asks people whether they have been a victim of crime, year after year shows people reporting that they are less likely to be a victim of crime. That is important.

Mark Hunter (Cheadle) (LD): Hon. Members know that my hon. Friend the Member for Northavon (Steve Webb) has secured a Westminster Hall debate next Tuesday on the Government's response to the ombudsman's report on Equitable Life. Following the Government's announcement last week, and the continuing concern by many policyholders that the response has been weak and inadequate, does the Leader of the House agree that Government time should be found for a full debate, so that all hon. Members who have raised the issue repeatedly have the opportunity to ask questions, and to express their constituents' concerns?

Ms Harman: The Chief Secretary to the Treasury made a statement to the House about Equitable Life and answered questions on it for an hour last week. It is an important issue; it is important that those who need compensation must get it as swiftly as possible. The hon. Gentleman could recommend the subject to his Front Benchers for an Opposition day debate.

Mike Gapes (Ilford, South) (Lab/Co-op): May we have an early debate on community cohesion so that Members of all parties can emphasise that we are one nation and that we stand together, regardless of our faiths and backgrounds? In that context, may I draw my right hon. and learned Friend's attention to two matters? First, a Respect party man, Abdurahman Jafar, is misusing the name and money of the Government-funded organisation Redbridge against Islamophobia and Extremism for his Respect party political purposes—he is standing as a candidate in a by-election next week. Secondly, the Conservative candidate, Ikram Wahid, has distributed [illegible] in the same Valentines ward by-election. It is being delivered only to Muslim households and advances no reason for Muslims to vote for him apart from not splitting the vote of the Muslim community.

Ms Harman: The points that my hon. Friend raises are of the utmost importance. We should all recognise that party political advantage must not and cannot be gained from hatred and anger that divides different communities. I will raise my hon. Friend's points with my right hon. Friend the Secretary of State for Communities and Local Government. In difficult times, it is important that we all stand together and work together.

Mr. Ian Liddell-Grainger (Bridgwater) (Con): One aspect of the Planning Act 2008 was a community cohesion fund to put money back into the local community. One of the first big infrastructure projects that will probably come under the Act is the Hinkley Point nuclear power station. Both district councils for the area are concerned that the Government have provided no guidelines on the matter. May we have a debate about how the Act will work in future—it is a long-term measure—to ascertain how the community projects will be administered, who will look after them, who will be on the boards and what their remits will be?

Ms Harman: The Act develops even further an innovative approach of ensuring that local communities benefit from developments in their area. The approach is being developed in the Department for Communities and Local Government. Perhaps I may suggest that the hon. Gentleman assists with that by seeking a meeting with the Secretary of State. He could help to shape the blueprint by saying how he thinks it should work in his area to ensure that the local community has a big say in how it will benefit from a development that is nationally important but has a big local impact.

Ms Gisela Stuart (Birmingham, Edgbaston) (Lab): May I ask the Leader of the House for a debate on the method whereby the Audit Commission arrives at the star rating for some council departments? Conservative-controlled Birmingham city council recently wasted £1 million on a mass eviction of a high-rise block of flats that never happened. A survey that I conducted in my constituency on repair services showed serious failings time and again, yet the Audit Commission has given the department a rating of two stars with excellent prospects. Surely something is wrong.

Ms Harman: I think that the most important benchmarks against which local housing authorities can be judged are whether they deliver for their tenants—my hon. Friend gives an example of a local authority doing the opposite—and whether they spend public money wisely; again, from what my hon. Friend says, it sounds as though the council is doing the opposite. Perhaps she could take the opportunity in the debate on Tuesday week about local government finance to raise that point. It is sad if her local authority is behaving in that way.

Dr. Julian Lewis (New Forest, East) (Con): May we have an in-depth statement from the Secretary of State for Justice on sentencing policy in the light of the horrific case of the multiple rape of a 15-year-old girl with the mental age of eight or nine by up to 10 assailants? Only four of those assailants would probably

[Dr. Julian Lewis]

have been convicted—six had to be let go. One of those who would probably have been convicted was killed in a street brawl because he was out on bail—incredibly—after the multiple rape. The other three were sentenced to between nine and six years each for not only raping the poor young woman but dousing her with caustic soda in an attempt to cover the evidence. There are no mitigating factors, given the total contempt that they showed for their victim even during the court case. The Attorney-General is rightly considering whether the sentences should be increased, but surely we need a statement so that we know whether they are increased and whether such villains would be considered for release halfway through their sentences, which would make nonsense of imposing the sentences in the first place.

Ms Harman: As ever, the hon. Gentleman makes an important set of points. When a sentence causes public outrage or sends out the wrong message about the criminal justice system's attitude to a particular offence, there is provision for the Attorney-General to consider the judgment and the sentence and decide whether to refer the case to the Court of Appeal. As the hon. Gentleman says, we are in that position—the Attorney-General is considering whether to refer the case to the Court of Appeal as an example of an unduly lenient sentence.

On the wider point about sentencing policy, I suggest that the hon. Gentleman take the opportunity on Thursday 5 February to try to catch the Chair's eye in Westminster Hall in the debate on effective sentencing.

Barry Gardiner (Brent, North) (Lab): Earlier this year, the Government refused to support a Bill which had cross-party support in the House and would have staunched the flow of illegal timber into the UK. Their cover for that refusal was that the EU would introduce proposals. After three years of prevarication, the EU has presented proposals which are without content—they are procedural only. They do not achieve the advantage of establishing a universal scheme for all 27 regimes in the EU. Will the Government now urgently discuss what national legislation can be introduced to stop the flow of illegal timber into the UK and ensure that pressure is put on the EU to get the matter right?

Ms Harman: We already have rules on the importation of timber, but there is obviously a need to consider strengthening them. My hon. Friend is absolutely right to say that, although we will always seek to work with EU partners, there is never an excuse for waiting for them if we could be getting on with taking national action. We will always take national action on our own account, while at the same time pushing our European counterparts to go as far as we have gone. Perhaps this is something that I will raise with my right hon. Friend the Minister for Europe, as well as with Ministers in the Department for Environment, Food and Rural Affairs.

Mr. Alistair Carmichael (Orkney and Shetland) (LD): May we have a debate on the impact of the ending of the UK opt-out from the working time directive for retained firefighters? Some 321 of the 391 fire stations in Scotland are staffed by part-time firefighters. A strict application of the directive would mean that they would often be left unable to provide the necessary cover, and the stark fact is that many of our more remote communities simply do not have the critical mass of population required to maintain a full-time service. Surely it is wrong that the law of unintended consequences should be allowed to leave some communities without effective fire cover in this way.

Ms Harman: The hon. Gentleman has made a detailed and complex point, although it is actually about the simple and important issue of providing adequate fire cover at all times for all communities, including isolated rural communities. Perhaps I could raise the matter with my right hon. Friend the Secretary of State for Business, Enterprise and Regulatory Reform and ask him to write to the hon. Gentleman, to see whether he can allay his concerns.

Dr. Phyllis Starkey (Milton Keynes, South-West) (Lab): May we have an urgent debate on the current status of the EU-Israel trade agreement? The House has been repeatedly reassured—starting with William Waldegrave, a Minister in a previous Conservative Government—that a breach of the human rights clauses in the agreement could lead to the agreement's suspension. It is clear from the events in Gaza and from the suspension of the Arab parties in Israel that those human rights clauses have been breached. Parliament needs an opportunity to debate this matter, so that our Ministers can take it into account in their work in the European Council of Ministers.

Ms Harman: I know that my hon. Friend has played a leading role in the quest for justice for the Palestinians, and that she has visited the region on many occasions. She will be aware that we had a full day's debate on this subject last week, and a statement from the Foreign Secretary earlier this week. I will be speaking to the Foreign Secretary to find out when he will next come to the House to report on this matter, because it is an issue of concern not only internationally but in this country, and I will bring my hon. Friend's points to his attention.

Pete Wishart (Perth and North Perthshire) (SNP): Yesterday, Ofcom produced its report on the future of public sector broadcasting in the United Kingdom. The report contained proposals to cut news services from Scotland, and to see the south of Scotland being served from Newcastle. May we have a proper debate in this House on the future of public service broadcasting, to ensure that we get the best possible service for all the nations of the UK?

Ms Harman: We are grateful to Ofcom for its well-considered report. We are in no doubt about the importance of public service broadcasting, but we are also in no doubt that an important dimension of that is broadcasting from the different regions and from Wales and Scotland. This is a matter that the Government keep under close scrutiny. I take the spirit of the hon. Gentleman's point, and I will try to work out what to do about this.

Mr. David Drew (Stroud) (Lab/Co-op): May I refer my right hon. and learned Friend back to the question asked by my hon. Friend the Member for Gloucester (Mr. Dhanda) about yesterday's announcement that Gloucestershire county council has decided to obtain a site in my constituency to build an incinerator? This is an issue of probity, and I wonder whether she will look into it. The county council said that it was conducting a full-scale consultation on the options for waste, and that is why it took up the opportunity for a private finance initiative arrangement with DEFRA, although that does not seem to have happened. I hope that the Leader of the House will look into this key issue and allow us an opportunity to debate the matter.

Ms Harman: Waste management is an important issue generally. I was going to say that the incinerator was a hot topic, but I shall not do so. It is a very important topic in my hon. Friend's constituency. I do not know whether he has had a chance to ask for a meeting with the relevant Secretary of State, but perhaps he should do that in the first instance. Perhaps I can talk to him later today, after the next debate, to discuss how he can take forward his concerns.

Tony Baldry (Banbury) (Con): May we have a debate on access to mortgages? Borrowers are finding it almost impossible to access mortgage finance, and if they can, it is only after paying a very high deposit. The Halifax is now asking for a deposit of 40 per cent., which is pretty much impossible for many people, and the Council of Mortgage Lenders says that it expects mortgage finance to decline for some months to come. It is difficult to see how we are going to get the housing market and the house building and construction industries moving again until the whole question of mortgage finance is sorted out. The Government say that they have done certain things, but the mortgage lenders and the building societies just do not seem to be acting.

Ms Harman: The hon. Gentleman will be aware that there has been a big fall in capacity in the mortgage market, which has come from the collapse of banks in Iceland, in Ireland and internationally. A lot of our mortgage market was already dependent on loans and mortgages that came from abroad, in what is a global financial market. He will also know that the mortgage companies and banks in this country depend on loans from other banks abroad, and that inter-bank lending has, to a degree, frozen up. This is a matter of working nationally to recapitalise the banks and put them in a position where we can expect them to lend again, and of working with our international counterparts to ensure that there is confidence across the banking system internationally. I agree with the hon. Gentleman's concern about the lack of mortgage finance going into housing, and about the effect of that on construction, which is absolutely evident. This is a top priority, and if he has any further suggestions that are properly backed with funds and thought out, we will obviously consider them.

Mr. Robert Flello (Stoke-on-Trent, South) (Lab): May we have a debate on the use of statutory consultation in the Building Schools for the Future programme, given that councils such as Stoke-on-Trent city council take no notice whatever of the outcome of consultations or, sadly, of people's opinions?

Ms Harman: I am sure that we all strongly back the Building Schools for the Future programme, and it is obviously important to get the consultation right, to ensure that the massive capital investment that is going into schools, which we all support, goes to the right place. I suggest that my hon. Friend meets the Secretary of State for Children, Schools and Families.

Bob Spink (Castle Point) (Ind): May we have a debate on Warm Front? It is an excellent scheme, but it could be greatly improved. Some of the quotations that people are now receiving are outrageously high. The number of people in Essex who are having to pay a top-up has increased from 304 to 1,429 over the past three years. Those very vulnerable people are now having to pay an average of £640 per top-up for work that could be done by local contractors at half the price. May we have a debate on that?

Ms Harman: Energy prices have recently fallen, and that is very welcome, but they are still higher than they were 12 months ago. That is a serious concern for many people. Energy conservation is also an important environmental issue, because of carbon emissions. We have had a topical debate on the cost of energy, environmental protection, insulation and the Warm Front scheme, but I will look for a further opportunity as these issues are very important to households up and down the country and, no doubt, in the hon. Gentleman's constituency.

David Taylor (North-West Leicestershire) (Lab/Co-op): May we have a debate on the Welfare of Animals (Slaughter or Killing) Regulations 1995? I tabled early-day motion 510 a couple of days ago.

[That this House recalls the Farm Animal Welfare Council's recommendation in 2003 which called for the repeal of the exemption from stunning prior to slaughter for animals killed by Moslem Halal and Jewish Shechita methods; notes that these exemptions remain; further recalls the Council's scientific evidence showing that sheep become insensible within five to seven seconds of the incision whilst adult cattle may take between 22 and 40 seconds, and calves may take up to two minutes to become insensible; abhors all forms of racism and religious intolerance; proposes that the stunning of an animal post-cut addresses animal welfare concerns whilst remaining compliant with the theological tenets upon which halal and kosher are based; supports the existing use of pre-stunning in the slaughter of over 90 per cent. of animals killed in the UK for halal meat; observes that bans on slaughter without pre-stunning in Norway, Sweden and New Zealand have been in place for over five years without harming religious freedom or community relations in those countries; and calls on the Government to work actively and constructively in co-operation with the Muslim and Jewish communities in the UK to address the animal welfare implications of all religious slaughter and to amend the Welfare of Animals (Slaughter or Killing) Regulations 1995 accordingly.]

The motion draws attention to the well-argued and scientifically validated report of the Farm Animal Welfare Council, produced back in 2003, which urged the repeal of the exemption from pre-stunning before slaughter of animals destined to be used as halal and kosher food. Will the Government open up discussions with the Muslim and Jewish communities to see how we can make progress on this affront to animal welfare which, among other things, fires racism and religious intolerance among some communities?

Ms Harman: Perhaps that could be the subject of a Westminster Hall debate in which my hon. Friend could set out his suggestions about how to build on and take further the work that we have already done on this.

Jo Swinson (East Dunbartonshire) (LD): The reputation of our politics has suffered a severe blow this week as a result of the Government's antics in trying to hide MPs' expenses. I thank the Leader of the House for eventually withdrawing the order in response to protests from tens of thousands of people across the country as well as many Members of this House. Can she confirm that this shameful attempt to exempt MPs from freedom of information legislation has been dropped not just for today, but for good?

Ms Harman: There is going to be a full debate on these issues straight after business questions. I think that what really causes a blow to the reputation of all Members is when any individual Member abuses the House allowances to line their own pockets. That is what undermines the reputation of the House, which is why we are bringing forward tougher rules, a more robust audit and more transparency.

The hon. Lady's party has been consistent in arguing, as we did, for a Freedom of Information Act, which we actually brought in, and her Front-Bench spokesman, the hon. Member for Somerton and Frome (Mr. Heath), was quite right to criticise the Johnny-come-latelies in the Tory party who never did freedom of information when they were in government. As I say, at least the Liberals have been consistent and I would say to the hon. Lady that it is right for her, along with the rest of her party, to continue to call for greater transparency, but it is also very important not to get into a party political Dutch auction as to who can do most to besmirch the reputation of MPs.

John Bercow (Buckingham) (Con): Could we please have a debate in Government time on the Floor of the House on the continuing crisis in Darfur and western Sudan? Given that aerial bombing, mass shooting, widespread rape and the chaining together and burning alive of people—to give but four examples—have been recurrent facts of life in the region for well over five years, is it not high time that this House debated how the British Government, working in concert with President Obama and the international community, can secure the full 26,000 UN-African Union troop deployment to the region—before the genocide of Darfurians has been completed?

Ms Harman: As the Prime Minister and the Foreign Secretary acknowledged, the attention of the international community has rightly been focused on the terrible ordeal, death and devastation happening in Gaza. At the same time, however, the situation in Zimbabwe is deteriorating and things remains dire in the Congo, while the circumstances are still terrible in Darfur. I am looking for an early opportunity for the House to debate Darfur, Congo and Zimbabwe. We cannot forget the role that this country and the international community must play. I draw the hon. Gentleman's attention to the written ministerial statement issued today by the Foreign Secretary, which talks about developing relations with China and making sure that we influence that country to play its role in the international community. It will be very important if we can make sure that China plays its part in helping to end the struggle and strife in Africa.

Philip Davies (Shipley) (Con): May I reiterate the calls for an early debate on Ofcom's public service broadcasting review? Given that the BBC has a never-ending guaranteed increase in its income and given that it is still happy to pay Jonathan Ross £6 million a year, surely the time has come to top-slice the income going to the BBC from the licence fee and give it to other broadcasters whose income is going down and down, which is totally unsustainable. May we have an early debate so that we can understand the Government's thinking on that important issue and so that the Government can understand the views of hon. Members?

Ms Harman: A Government paper on digital Britain will deal with a number of those issues. It seems to me that the questions of public service broadcasting, digitalisation, regional news, Channel 4 and the BBC might well be grouped together in order to provide an opportunity to debate them.

Mr. Peter Bone (Wellingborough) (Con): This week, Mr. John Black, president of the Royal College of Surgeons, said of the new EU working time directive that it was "an impending disaster" that would "devastate" medical training and lead to "dangerous" lapses in patient care. He went on to say that some hospitals and some hospital units will close. May we have a statement next week from the Secretary of State for Health on the Government's position in relation to the directive?

Ms Harman: I will bring the hon. Gentleman's question to the attention of the Secretary of State for Health. I would say, however, that what certainly caused dangerous lapses in patient care was junior doctors being absolutely knackered from not having any sleep. We have increased the number of doctors and nurses and the number of doctors in training, but we also need to ensure not only that they build up the necessary expertise over the course of their training, but that they have a reasonable working life. That applies to dentists, as well.

Point of Order

12.26 pm

Daniel Kawczynski (Shrewsbury and Atcham) (Con): On a point of order, Mr. Speaker. I would like to thank you very much indeed for the statement you made regarding the police coming into my office yesterday. I was notified of their being in my office while I was in the Chamber speaking in an Opposition debate. My junior members of staff and researchers felt under a certain duress to hand over documents. I am extremely grateful, Mr. Speaker, for your saying that in future, even if it does not involve parliamentary privilege, the Serjeant at Arms should first be told if a police officer wishes to enter the office of a Member of Parliament.

Mr. Speaker: I thank the hon. Gentleman, but he must understand that things are sometimes done in good faith—and the approach made by the police officer to the hon. Gentleman's staff was done in good faith. Other hon. Members have been put in a dangerous situation because of the particular investigation that is going on. I would ask that before hon. Members rush to points of order and make statements that can reflect badly on professional people who are doing a decent job of work, it would be better for them just to sit and wait for a while and get the facts together. That would have been the best thing, and I think that the hon. Gentleman's approach would have been different if he had given himself a breather and thought about what was going on.

BUSINESS OF THE HOUSE

Ordered,

That, at this day's sitting, the Speaker shall put the Questions necessary to dispose of proceedings on the Motions in the name of Ms Harriet Harman relating to Payments to hon. Members (Publication Scheme), Members' Allowances (Green Book), Members' Allowances (Audit and Assurance) and Committee on Members' Allowances not later than 5 pm; in each case such Questions shall include the Questions on any Amendments selected by the Speaker which may then be moved; proceedings may continue, though opposed, after the moment of interruption; and Standing Order No. 41A (Deferred divisions) shall not apply.—*(Chris Bryant.)*

Mr. Speaker: Before I call the Leader of the House to move motion No. 2, I advise the House that all four motions are to be debated together.

Members' Payments and Allowances

12.28 pm

The Leader of the House of Commons (Ms Harriet Harman): I beg to move motion 2—*Payments to Hon. Members (Publication Scheme)*—

(1) That, subject to the provisions of paragraph (2) below, for the purpose of the publication scheme adopted and maintained by the House under section 19 of the Freedom of Information Act 2000, such information about payments made to, or on behalf of, hon. Members which is already published routinely in accordance with the scheme shall continue to be published;

(2) In addition, information relating to Members' expenditure from the beginning of the current Parliament shall be published in relation to each financial year, to the extent that such information is separately identifiable, under the following categories:

(a) Administrative and Office Expenditure:
  (i) accommodation costs for offices, surgeries, etc;
  (ii) office equipment and supplies;
  (iii) telephones and other telecommunications;
  (iv) professional fees and charges;
  (v) agency and other staff costs;
  (vi) travel costs;
  (vii) utilities;
(b) Personal Additional Accommodation Expenditure:
  (i) mortgage interest;
  (ii) rent;
  (iii) hotel costs;
  (iv) council tax;
  (v) fixtures, fittings and furnishings;
  (vi) subsistence;
  (vii) other household costs, including service charges, utilities, telecommunications, maintenance and repairs;
(c) Communications Expenditure:
  (i) websites;
  (ii) reports and surveys;
  (iii) delivery charges, postage and stationery;
  (iv) advertising;
  (v) equipment;
(d) Staffing Expenditure;
(e) Travel Expenditure in relation to travel by Members:
  (i) car, including third party vehicle rental and mileage;
  (ii) rail;
  (iii) air;
  (iv) other UK and European travel;
(f) Resettlement Grant;
(g) Winding-up Expenditure;

(3) The Committee on Members' Allowances shall keep the categories listed in paragraph (2) above under review and may modify them from time to time as the committee may think necessary or desirable in the interests of clarity, consistency, accountability and effective administration, and conformity with current circumstances.

Mr. Speaker: With this we shall discuss the following:

Motion 3—*Members' Allowances (Green Book)*—

That this House approves the Guide to Members' Allowances (the Green Book), published as Annex 1 to the First Report of the House of Commons Members Estimate Committee (House of Commons Paper No. 142) and endorses the Principles set out in Part 1 of the Green Book as the basis for all claims made by Members;

That the rules set out in the Green Book shall govern all expenditure on Members' allowances with respect to all claims for expenditure arising on or after 1 April 2009;

[Mr. Speaker]

That the Members Estimate Committee shall carry out a review of the provisions of the resolutions of this House relating to such expenditure, make such modifications to them as are necessary to ensure that they are consistent with the provisions in the Green Book, and report to the House; and

That this House thanks Ms Kay Carberry CBE, nominated by the Trades Union Congress, and Mr Keith Bradford, nominated by the Confederation of British Industry, for having acted as the Speaker's external appointees to the Advisory Panel on Members' Allowances.

Motion 4—*Members' Allowances (Audit and Assurance)*—

That this House approves the arrangements for the audit and assurance of Members' allowances set out in the report of the Members Estimate Audit Committee to the House of Commons Members Estimate Committee, published as Annex 3 to the First Report of the House of Commons Members Estimate Committee (House of Commons Paper No. 142).

Motion 5—*Committee on Members' Allowances*—

That the following new Standing Order and amendments to the Standing Orders and Resolutions of the House be made:

A. New Standing Order

(1) There shall be a select committee, called the Committee on Members' Allowances,

(a) to advise the House of Commons Members Estimate Committee on the discharge of its functions; and

(b) to advise the Speaker, the Members Estimate Committee and the Leader of the House on the potential development of the arrangements made by or under the Resolutions in force from time to time regarding Members' allowances &c;

(2) The committee shall consist of eight members;

(3) Unless the House otherwise orders, each Member nominated to the committee shall continue to be a member of it for the remainder of the Parliament;

(4) The committee shall have power to send for persons, papers and records, to sit notwithstanding any adjournment of the House, to appoint specialist advisers and to report from time to time.

B. Amendment to Standing Order No. 152D

In Standing Order No. 152D, leave out lines 23 to 25;

C. Amendment to the Resolution of the House of 5 July 2001:

Members' Allowances, Insurance &c.

Paragraph (5) of the Resolution of the House of 5 July 2001 relating to Members' Allowances, Insurance &c. shall cease to have effect.

Ms Harman: I first want to set out the basis on which we approach this issue. I want this debate to proceed not as a Dutch auction of which party can do most to besmirch the reputation of MPs. I am not going to do that, because it would be wrong. We are public servants committed to our public duties and that is how we should approach this debate.

There should be proper resources to enable MPs to carry out our work, and we need to be sure that those allowances are not abused and that no MP uses them to line their own pockets. When that happens, as it did so disgracefully in the case of one particular Member last year, it is not only the public purse that suffers. What suffers is the reputation of this whole House and of every single Member who works hard and abides by the rules. It is to take further steps to prevent the possibility of that abuse that I bring these motions to the House today, so that the public and the whole House can rest assured that public money is properly spent.

Mr. David Kidney (Stafford) (Lab): For 11 years I have been conscientiously filling in expenses claims forms, attaching copies of invoices and taking very seriously the words on the certificates that I sign, which read:

> "I confirm that the payments requested are in respect of costs incurred wholly, exclusively and necessarily in the performance of my Parliamentary duties."

I was therefore shocked to hear the police explain last year that there would be no prosecution of an hon. Member caught fiddling his expenses because the rules of this House were—they felt—not clear enough. Can my right hon. and learned Friend confirm that the legal advice that she has states that no such excuse will be given by the police in future, and that someone who fiddles his or her expenses with dishonest intent will be prosecuted?

Ms Harman: My hon. Friend has made an extremely important point. One of our aims in introducing the new Green Book, which is the subject of the first motion, is to ensure that the rules are absolutely clear and detailed, and that the required evidence is supplied before payments are made. That will apply whether the amounts concerned represent reimbursement for items bought or, more important, payment of staff. Staff will not be paid unless there is a signed contract of employment and a job description, so that no one can say afterwards, "Oh, yes, actually they were doing that job, but I did not have any evidence because I did not need any evidence." It is precisely to protect hard-working, law-abiding, conscientious public servants such as my hon. Friend, who are stained by those who abuse the rules, that we are introducing the tougher rules in the Green Book today.

I thank the Members Estimate Committee and the officers and staff of the House of Commons Commission for their contribution to the work that lies behind the motions that we are debating. I should not have been able to present the motions to the House without their advice, expertise and many hours of meetings and work since last December, when I first outlined to the Members Estimate Committee the approach that I am taking today.

When I became a Member of Parliament in the 1980s, there were three major problems, which have been addressed bit by bit over the years. First, the resources for our offices were wholly inadequate. That has been addressed over the years, and rightly so. Last year my office handled 6,300 individual constituents' cases. Each letter, e-mail, phone call or surgery visit was handled within, on average, 10 working days. My constituents have a right to expect us to have the resources to do the job for which we are elected.

The second problem was that the rules governing payment of the claims of Members of Parliament were—as was pointed out by my hon. Friend the Member for Stafford (Mr. Kidney)—loose and unclear, giving scope for uncertainty as a result of which abuse could take place. The third problem was that the public were given no information at all about who claimed how much and for what. The rules were published, but the outcome of those rules was not.

Over the years, we have increased the resources needed to enable us to do the work that our constituents expect. We have begun to publish information about Members' allowances annually, and have broken it down into

14 categories. However, we need to do more. There has been concern about three issues, which we sought to address through the work that we did in July last year and that we seek to address again today. We need to address the problem that the rules are not clear enough; we need to address the problem that audit is not robust enough; and we need to address the problem that not enough information is published. The propositions that we have put before the House today address each of those problems.

I approach this issue in the belief that the public are entitled to be confident that the public money that is being paid out is being paid out on the basis of a clear and reasonable set of rules, that they should be confident that those rules are properly enforced and that money is not paid out other than within them, and that the public should be able to know in respect of every Member—not just some—every year, as a matter of routine, how much has been paid in allowances and for what.

In respect of the first point on the need for clear rules, we submit the new Green Book to the House for its approval. Let me take this opportunity to thank the members of the Members Estimate Committee, the members of the Advisory Panel on Members' Allowances—including its two independent members—and the many hon. Members who have contributed to the new Green Book. I also thank the Comptroller and Auditor General for specifying the level of evidence that is necessary for us to be confident that the rules are indeed clear, and can form the foundation for a robust audit. If we pass the motion endorsing the new Green Book, we shall have a clear set of reasonable rules for the payment of allowances.

The second issue is the proper enforcement of the rules. It requires robust audit, and that is the subject of a motion that will provide for what is described as "full scope" audit, on the same basis that applies to other public bodies. This will be the first occasion on which the House has been subject to "full scope" audit.

The House authorities will—as they do now—check each claim before payment is made, but that work will additionally be subject to the scrutiny of a new internal unit, the operational assurance unit. There will also be supervision by the National Audit Office. That scrutiny will consist of examining not just the claim form that the Member has signed, but the evidence submitted with that claim—for example, invoices, receipts, statements, or any other documentary evidence that supports the evidence of the transaction. The NAO will be in a position to carry out the "full scope" audit because, as well as clear rules in the Green Book, there will be a requirement for no claim save those under £25 to be met unless it is submitted with a receipt or other evidence confirming the transaction.

I thank the Members Estimate Audit Committee, including its four independent members and, in particular, its Chair, the former shadow Leader of the House, the right hon. Member for Maidenhead (Mrs. May). This is not glamorous work, but it is very important and the right hon. Lady's report contains the proposals for the robust and independent audit for which the motion seeks the House's support.

Kate Hoey (Vauxhall) (Lab): Does my right hon. and learned Friend now believe, on reflection, that it was not correct for anyone to try to secure an exemption from the Freedom of Information Act? Will she give a commitment that, while she is Leader of the House, no attempt will be made by Members of Parliament who passed the legislation on freedom of information to exempt themselves?

Ms Harman: I thought that that point might be raised, and I am about to deal with it.

Mr. Clive Betts (Sheffield, Attercliffe) (Lab): As a member of the Members Estimate Audit Committee, I want to make one thing absolutely clear, given comment in the media about the £25 threshold. That threshold has the full support of the National Audit Office and the independent members of the Members Estimate Audit Committee, and the NAO has confirmed its belief that it is a proper and proportionate figure that allows it to make a full and comprehensive estimate, to its satisfaction, of the allowances that we claim.

Ms Harman: I thank my hon. Friend for his work on the Members Estimate Audit Committee. As I have said, it is not glamorous work—it does not involve members of the Committee being carried through the streets of Sheffield to be thanked—but it is very important work, and the Committee has produced a substantial report.

My hon. Friend is entirely right. The National Audit Office has said that as 99 per cent. of the amount paid in allowances is paid in response to claims for more than £25, only 1 per cent. of claims will be submitted without receipts. That means that 99 per cent. of claims can be subject to a full audit with the full documentary evidence behind it, which is normal auditing practice.

Dr. Tony Wright (Cannock Chase) (Lab): It is easy to become confused about all the various bodies involved in this process. As my right hon. and learned Friend says, it is good and right and true that there is an independent element in the Members Estimate Audit Committee, but there is no such element in the Members Estimate Committee, nor will there be in the new Committee of the House whose establishment is proposed. The body that did advise on allowances and did have an independent element—the Advisory Panel on Members' Allowances—is to be abolished. If we are to secure confidence in the system, is it not important for us to ensure that there is a robust independent element in the procedures according to which we set the allowances?

Ms Harman: It is right that there should be a robust independent element, and the "full scope" NAO audit should provide bottom-line confidence in, and reassurance on, that. It has been involved in our deliberations on, and construction of, the rules that we have drawn up with the independent advisers on APMA. If we pass the motion, the NAO will henceforth be permanently involved in scrutinising the allowances and making sure they are paid out only in accordance with these rules.

If we make APMA a Committee of this House, only Members of this House will be able to be members of that Committee; external, independent people will not be able to be full members of the Committee. The proposal is that those who have served so well as independent members of APMA will be advisers to the Committee on Members' Allowances. I can say that the

[Ms Harman]

CAM will have no Government Members on it. APMA had members of the Government on it, but the CAM will not have a Government Member on it, and nor will it have a Government majority—it will not be constructed as Select and Standing Committees are, with a Government majority. Therefore, I think we have the right level of independent input and the right reassurances for the future.

Alan Duncan (Rutland and Melton) (Con): May I add to what the Leader of the House has said in response to the hon. Member for Cannock Chase (Dr. Wright)? Is it not also the case that whereas the previous Committee met in private and gave private advice, the great advance in what is proposed here is that this Committee will be open, so it will be able to take advice openly and everything it does will be subject to open scrutiny? Does she also agree that it will therefore have a much stronger and more open influence than the closed Committee that used to exist?

Ms Harman: I absolutely agree with those points. In addition, the new Committee will be able to require evidence to be brought to it and to publish reports. I take nothing away from the work of APMA in the past; since it was set up in 2001, it has done a very important job. However, the next stage is to move it on to a full footing as a Committee of the House. I will deal with this matter a little later in my speech.

The third principle is that, over and above the clear rules and robust audit, the public should know who is spending, how much and on what. The motion before the House would effect a publication scheme that would put into the public domain more information than has hitherto been published, and in a form that is consistent year on year and comprehensible to the public. Until now, we have published information about expenses broken down into 14 categories. This motion would lead to publishing information in greater detail and in 26 categories. For example, the House authorities currently publish a single figure for "office running costs", but under the proposed publication scheme, the House authorities will publish the information broken down into accommodation for offices and surgeries, "office equipment and supplies", phones, "professional fees and charges", "agency and other staff costs", travel costs and utilities. So the single figure would be broken down into seven detailed categories for every Member for every year.

Natascha Engel (North-East Derbyshire) (Lab): Can the Leader of the House reassure me that if, in line with the Freedom of Information Act 2000, any member of the public requests a detailed breakdown of the claims a Member makes against the public purse in any of these 26 categories, there will be full disclosure and people will have full access to that information?

Ms Harman: The House authorities will comply with all the requests that are before them under the Freedom of Information Act—I think some 180 are in the pipeline—in the same way as they complied with the High Court judgment in respect of freedom of information requests for all the receipts of 14 Members.

Bob Spink (Castle Point) (Ind): Will the Leader of the House confirm that if we can show during this debate that a slightly different breakdown—and, perhaps, a more detailed breakdown, splitting one or two of these subjects—would provide even greater transparency and end confusion to the public, she will accept such an amendment?

Ms Harman: I am aware that the hon. Gentleman tabled an amendment, which was not selected, that breaks down one of the categories by separating "service charges" from

> "utilities, telecommunications, maintenance and repairs".

That makes sense, and it will be possible to review the categories from time to time. If the hon. Gentleman's amendment had been selected, we would not have opposed it—we would have accepted it—and then that change to the categories would have been made. However, we should not change the categories too often, because it is important for the public to be able to see year by year how things change, and if we change the categories, they will not be able to see that broad picture. Therefore, because the hon. Gentleman's perfectly sensible amendment was not selected, we will go forward—with, I hope, the support of the House—with the 26 categories that we have listed in the motion.

Mr. David Winnick (Walsall, North) (Lab): Like everyone else I am sure, I am very pleased there will be greater transparency, but does my right hon. and learned Friend agree that had we been foolish enough to have continued with the earlier attempt to exempt ourselves from the freedom of information legislation, there would inevitably have been a feeling that we were trying to hide various amounts? That would have undermined all the good work that is rightly being done to let the public know all the necessary information. Bearing in mind last year's attempt to exempt ourselves completely from the freedom of information legislation—the very law we passed for other people—can my right hon. and learned Friend make it clear that there will be no attempt at any stage in the future to exempt ourselves from that legislation?

Ms Harman: The private Member's Bill to which my hon. Friend refers sought to remove the obligations of the Freedom of Information Act from the House authorities in respect of Members' allowances, but it did not put anything in its place. Our approach would have been to introduce a publication scheme that would have provided the public with the information they need about Members, and therefore it could have taken the place of those provisions in the Freedom of Information Act. For reasons I will come to later in my speech, we are not bringing that forward. What I am proposing to the House is the four motions before us today. I am not proposing the Freedom of Information Act statutory instrument; I am proposing the new Green Book, the audit and assurance, the publication scheme and the new Committee of the House.

Several hon. Members *rose*—

Ms Harman: I am perfectly happy to debate something we are not bringing forward, but I am trying to make progress in debating what we are bringing forward, and I will deal with some further points about the SI in a moment.

Several hon. Members *rose*—

Ms Harman: I will give way to the hon. Member for North Devon (Nick Harvey), who is a fellow member of the Commission.

Nick Harvey (North Devon) (LD): I was interested by the answer the Leader of the House gave to the hon. Member for North-East Derbyshire (Natascha Engel) that if freedom of information requests seek to go further than her 26-category scheme, the House will accede to those requests. The House announced last July after the High Court ruling that we would publish down to receipt level. Today, the right hon. and learned Lady is introducing a 26-category scheme. If we are to be compelled to answer queries going down to receipt level in the way she has described, will we not in fact be leaving randomly in the hands of freedom of information applicants the decision as to which Members' information comes out to receipt level and which Members' information simply comes down to a category level? Has not this House previously always taken the view that the rule for one is the rule for all?

Ms Harman: If, as I hope, we pass this motion on the publication scheme, every year the public will be able to see this information on every Member without there being any freedom of information request. As a matter of routine, information on what each Member has actually spent in any year will be brought forward and published, and broken down into 26 detailed categories.

There is also a question to do with Freedom of Information Act requests—both those that have already been made and have not yet been complied with and those that might be made in the future. The House authorities, the data holders, will decide, according to the law as it stands, what their obligations are in responding to those requests for information.

Mr. Winnick: According to the law.

Ms Harman: Precisely so. The hon. Member for North Devon (Nick Harvey) is a long-standing member of the Members Estimate Committee, to which I pay tribute. He rightly points out that the MEC has said that if it is fair for information to be given out in respect of one Member because somebody has requested it, the same information should be given out in respect of every Member. It is my understanding that nobody need worry that any Member will be left out, because the 180 Freedom of Information Act requests in the pipeline cover every Member of the House. We will decide the publication scheme and the House authorities will implement it. It is important that the public are able to see the information according to these categories.

The other aspect is the request for receipts down to individual receipt level. I understand that 1.2 million such receipts have been the subject of Freedom of Information Act requests. The House authorities have been scanning the receipts since last summer, so that they can be disclosed. The scanning—a massive task—has not yet been completed, but it will be soon. Of course, the receipts have to be redacted before they are published. Before anybody thinks that there is any sort of cover up in relation to the redaction—redaction means crossing out things with a black felt tip pen or with the electronic equivalent—may I point out that the receipts contain information that it would not be right to put into the public domain? For example, an hon. Member might buy a ream of paper from a stationer's and at the same time purchase a Valentine's card. Of course they would pay for that themselves, but the receipt showing "purchased: one lurid Valentine's card" should not be put into the public domain. The claim for a ream of paper on the allowances, however, should be put into the public domain. Information about things that Members have paid for themselves must be crossed out on these receipts.

Indeed, we identified that need when we saw the claims made by the hon. Member for North Devon. The House authorities gave us an example, from which we could see where he shopped—he is a man of regular habits—and how he paid, and at what time and on what day. That information need not be put into the public domain—unless one wants to meet him at one of his regular shopping venues. Intriguingly, we were also able to learn what shampoo and hair conditioner he buys; clearly he was not claiming those purchases on the parliamentary allowance, but they caught my eye when I saw the unredacted receipts. The serious point is that the House authorities have been hard at work making sure that the public are given the information to which they are entitled under the freedom of information provisions, but we must not tip into the public domain a load of personal and private information in respect of which no claim has been made.

Mr. Robert Flello (Stoke-on-Trent, South) (Lab): There is an even more serious point to make. Earlier, we heard a statement from Mr. Speaker about an investigation involving an hon. Member and some threats against hon. Members. If receipts contained Members' London addresses, releasing that information would pose a great threat to them. Although the light-hearted points are good ones, the serious point is that some information could compromise hon. Members' safety and security.

Ms Harman: My hon. Friend makes a very important point, which has also been an issue in respect of the redaction of information on receipts. This House, at the initiative of the hon. Member for New Forest, East (Dr. Lewis), passed a freedom of information statutory instrument to remove from the disclosure anything that could reveal the addresses of Members. For example, in respect of invoices or mortgage statements containing the address of the premises, we carved a bit out of the Freedom of Information Act because we did not want to put Members' addresses into the public domain. That statutory instrument also dealt with Members' regular travel plans; the question of regular shopping—shopping at the same time at a particular shop—would also arise in this regard. We must put into the public domain information that is required by law, but that is not as easy a job as it might seem, given that we are talking about 1.2 million receipts.

Andrew Mackinlay (Thurrock) (Lab) *rose—*

Ms Harman: I shall give way to my hon. Friend, who usually sits to my right. I do not know whether there is some significance to his sitting somewhere else.

The Deputy Leader of the House of Commons (Chris Bryant): It is not his main residence.

Andrew Mackinlay: I invite the Leader of the House to deal with the following point. We also have obligations to third parties under the Data Protection Act 1998. Surely that is the most important thing, because the documentation could contain the telephone numbers and details of other people. I am talking not about businesses, but other individuals. I would like her to deal with the Data Protection Act, because that is the other side of the same coin. We need adequate time to review the receipts, not on a disc, but on paper, and argue for any redactions that are necessary. I want an assurance on that, because I understand that the person who runs this was talking about the information being on a screen—that is not the way to deal with hundreds of bits of paper. We need the information on bits of paper so that we can go through things and redact. I hope that there is agreement on that.

Ms Harman: My excellent deputy points out that the Bench on which my hon. Friend is sitting is not his main residence. There are issues to address in relation to the Data Protection Act and protecting information on third parties. He makes the point that although it might be evident to a Member what something might reveal, with the best will in the world and however professional they are, it might not be evident to the people doing the redacting and the scanning. That is why the Members Estimate Committee has agreed to set up, and the House authorities have set up, provision to ensure that once the 1.2 million receipts have been scanned, each Member will be notified and will be given an electronic version of their receipts going back to April 2004—that is a lot of receipts.

Hon. Members will have to check this with the House authorities, but I understand that if a request for a hard copy is made, Members will be able to see one—the Clerk of the House nods in assent. That will enable them to go through things and say what information should be crossed out and what should be left in. When the scanning exercise has been finished and this information has been given to Members, they will be given a month to go through all their receipts dating back to 2004 to check each one before it goes into the public domain. People may think that a month is a long time and they may think that feet are being dragged, but that is not the case, because a lot of receipts are involved and Members have their work to get on with in the meantime. They have the business of this House and the business in their constituencies to attend to, so they need time to check the receipts, and a month has been settled on as the right period.

Sir Stuart Bell (Middlesbrough) (Lab) *rose—*

Ms Harman: I shall give way to my hon. Friend, who is also a member of the House of Commons Commission and Chair of the Finance and Services Committee.

Sir Stuart Bell: The Leader of the House says that 1.2 million bits of paper will be put into the machinery and will be published under the Freedom of Information Act. Will she confirm that the cost to the taxpayer of dealing with those 1.2 million documents is £1.2 million?

Ms Harman: I think it is a bit more than that—I believe it is more like £2 million-odd. There is no doubt that it is an expensive exercise.

Martin Horwood (Cheltenham) (LD): If the new regime that the Leader of the House is describing is to be as open as we want it to be, presumably there will be no reason to exempts MPs in future from freedom of information legislation. I think she has been asked twice about that, without giving a clear answer. Will she simply say that no future attempt will be made to exempt Members of Parliament from freedom of information legislation?

Ms Harman: The House fully supported the freedom of information statutory instrument that we introduced last summer, and I am glad that no Minister at that point had made a grandiose commitment from the Dispatch Box never to provide any exemption; otherwise, we could not have introduced that statutory instrument providing an exemption for the sake of security, with which the House agreed.

If I may, I want to discuss what I am introducing today. I am not introducing the statutory instrument on freedom of information, and I shall deal with that in my speech. If any hon. Member intends to ask that same question, perhaps they will desist, but I am happy to give way to hon. Members who want to ask a different question.

Dr. Alan Whitehead (Southampton, Test) (Lab): I welcome the clear understanding that the Freedom of Information Act will be fully complied with in the release of material in the 26 categories. Does the Minister accept that that may require a further publication schedule and programme to ensure that redaction is consistent between hon. Members' releases of information, and that the issue is finalised with no further challenges to what has been put in the public domain and what has been redacted? All hon. Members must have an equal opportunity to release their material on the basis of a consistent programme of redaction, which should be based on a publications programme beyond the 26 categories that my right hon. and learned Friend said will be in the public domain?

Ms Harman: My hon. Friend's point was the subject of his amendment—I examined it carefully—which was not selected. I know that other hon. Members supported it, but my understanding is that it is unnecessary because provisions are already in place on how the House authorities will go about the process of publication under the Freedom of Information Act in response to the requests that they already have. It may not be called a scheme with a capital "S", but a programme of work according to clear criteria has been undertaken since July, and will produce something like the book I have here, which is what Congress has. It is published quarterly, and includes matters such as maintenance of the water cooler and sending recorded delivery letters. If any hon. Members want to see what it is likely to look like, they can come to my office and read this book.

John Barrett (Edinburgh, West) (LD): It was said that hon. Members would have a month to go through 1.2 million receipts. Will the Leader of the House assure us that when Members' feedback has gone back into the system, they will have an opportunity to check that the corrections have been made before the receipts go into the public domain? If a mistake is made the first time round, hon. Members should have the opportunity to check that it has been corrected before publications, especially for issues such as credit card numbers, telephone numbers and home addresses.

Ms Harman: In the first instance, there will be an opportunity to raise mistakes with the House authorities, who will understand that something may have been evident to hon. Members and to people in their local area, but not to the House authorities or those working under contract to them. If there is a dispute about whether the House authorities were right to insist on not redacting, I think I am right that the next port of call is the Members Estimate Committee and, ultimately, the Speaker. I hope that there will be as much discussion and flexibility as possible, and I am sure that that is how the House authorities will want to deal with the matter.

Dr. Julian Lewis (New Forest, East) (Con): Will the right hon. and learned Lady confirm that the High Court ruled that individual receipts should be released because it was not satisfied with the rigour of the auditing process in the House? Now that she is putting forward a more rigorous and independent auditing system, people are concerned about what will happen in future. Might it be unnecessary to go down to receipt level, with the costs and effort involved, if the Court, the information appeals tribunal and the Information Commissioner were satisfied that the auditing process was rigorous enough? It was upsetting the public that we would do something different from what other people in similar positions must do. Has the right hon. and learned Lady done any research into whether High Court judges and other senior people who take money from the public purse—for example, in the BBC—for allowances and who have good auditing procedures in place must reveal millions of individual receipts? If they do not, why should we have to do so once we have improved procedures in place?

Ms Harman: The hon. Gentleman captures the spirit of the High Court decision that in the absence of rules with sufficient clarity and of audit with the necessary independence, the balance of public interest lies in publication of information down to receipt level. If the House accepts the resolutions today, the legal position may change. The House must comply with its legal obligations, and having complied with past legal obligations, including information down to receipt level, the view may be taken that although we might not be under a legal obligation to provide that information in the future, we may as well do so as we have done it in the past. Such a decision would be over and above the legal obligations, if the view were taken that the legal obligations can be satisfied with 26 categories, and a strong Green Book and audit. Two decisions are involved—the legal decision, and the public policy decision on whether, having published receipts once, it is sensible to go back on that and not publish them in future.

Mr. David Heath (Somerton and Frome) (LD): What the right hon. and learned Lady has just said is of great interest. Many of us believe that if the scheme and the audit proposals had been in place three years ago, the matter would not have gone to the tribunal and the High Court, and we would not have the unholy mess that we now have. However, the fact is that she is proposing a scheme of publication that falls short of that full disclosure that the High Court has determined is correct—[Hon. Members: "It does not."] I am sorry, but it falls short of the full disclosure that the High Court has determined must be the case under the existing scheme. Is she suggesting that that should be tested again through the Information Tribunal and the courts, or does she plan to introduce an alternative scheme of full disclosure to full receipt level? If she intends to leave the matter where it is, and if someone makes an application, whether that goes to the tribunal and what the decision is will be left to fate.

Ms Harman: I shall make the position absolutely clear for the hon. Gentleman. Nothing in the resolutions alters the legal obligations on the House authorities in respect of freedom of information requests under the old regime. Nothing in the resolutions affects that. The hon. Member for New Forest, East (Dr. Lewis) said that the court made its decision about the balance of public interest requiring full disclosure down to receipt level because of the lack of clear rules and the absence of audit, and asked whether there would be a requirement in future to produce receipts when the matter has been sorted out. What I said is that I think that, in its own right and irrespective of anything that the court might say or any FOI request that might be made, the regime that I am proposing to the House today—which has been the subject of discussion by the APMA and the Members Estimate Committee—is a good regime. But there remains the question of whether this regime will satisfy the obligations under the Freedom of Information Act. I contend that there is a good legal argument that it might do so, but we are not bound to do just the minimum that the law requires: we might think that, having revealed the receipts for past expenditure, it might not be appropriate to stop producing receipts even though the legal obligation has been superseded by the new motions that I have tabled.

I have spoken for some 40 minutes, and I am anxious to answer hon. Members' questions, but I do not want to try the patience of the House. From all the meetings and discussions that I have had, I know that this speech could go on for 40 hours. Like the 1.2 million receipts, this is a marathon, not a sprint, but I do not want to deprive other hon. Members of the opportunity to speak. I urge hon. Members not to repeat questions that have been asked. If they are struggling to understand my answers, they can ask me after the debate, and I will try to be as helpful as I can.

Jo Swinson (East Dunbartonshire) (LD): Will the Leader of the House give way?

Ms Harman: The hon. Lady asked a question on this issue in business questions, so I am cancelling her out on this occasion.

Dr. Nick Palmer (Broxtowe) (Lab): As a co-signatory of the amendment tabled by my hon. Friend the Member for Southampton, Test (Dr. Whitehead), I think that we are doing the right thing on this occasion. Up to now, the public perception has been, rightly or wrongly, that

[Dr. Nick Palmer]

the House has had to be dragged, kicking and screaming, each step of the way. However, what the Leader of the House now proposes probably goes beyond our legal obligation because it says that if constituents are in doubt about the size of a particular cost, we are willing to go down to receipt level to satisfy them. That is the right thing to do, and we are right to go further than we are absolutely required to go by law. I congratulate my right hon. and learned Friend on doing so.

Ms Harman: I said that I did not want any more questions, but if they are like that one, I would like to encourage them. I thank my hon. Friend for his comment.

The bottom line is that we will comply with our legal obligations both for the past and in the future. There has never been any doubt about that. In the past, we have put under one heading the costs of staying away from our main home. Under the publication scheme, that global figure will be broken down to mortgage interest, rent, hotel costs, council tax and so on. That will provide a clearer picture for our constituents.

The fourth motion would turn the Advisory Panel on Members' Allowances, which has existed since July 2001, into a formal Committee of the House. We are grateful to the APMA for the work that it has done and it is time that it should be formally constituted. That would put the Committee on the same footing as a Select Committee in that it would be able to call for evidence and publish its own reports. Nothing in the motion—or in any other motion today—prejudices the role of the Parliamentary Commissioner for Standards or the very important work of the Committee on Standards and Privileges.

As the Prime Minister, and then I, told the House yesterday, we have attempted to reach agreement on all these issues. We introduced a statutory instrument which would mean that these resolutions replaced the FOI provisions that apply to the House. The official Opposition said on Tuesday that they do not support the FOI statutory instrument so we have not moved it and I will seek further discussions with the Opposition, as I always do on all matters, and with other hon. Members. But it remains important that we pass these resolutions today. They provide for clearer rules, tougher audit and more transparency. I hope that at least on these resolutions, that is something on which we can all agree. I commend the motions to the House.

Several hon. Members *rose—*

Mr. Deputy Speaker (Sir Alan Haselhurst): I remind the House that Mr. Speaker has not selected any of the amendments that were tabled, and I hope that hon. Members will respect that fact.

1.14 pm

Alan Duncan (Rutland and Melton) (Con): May I thank the Leader of the House for generously taking so many interventions and for the thoroughness with which she has treated this topic? That is appreciated on both sides of the House. May I also express my gratitude for her earlier comments about my dress sense, my watch, my cufflinks and, not least, my interest in oil? They are especially appreciated coming from such a gentle flower of the aristocracy who has so aggressively embraced the working class.

Today will, I hope, represent a major step forward in everything that the House needs to do on the declaration of its expenses. The whole issue has given Parliament a wretchedly bad name for far too long, and there are deep wounds that need to be healed if we are to be seen as a sensible, honest, working institution by anyone in this country. We do not want to have a state of permanent war either across the Floor of the House or between this House and the press and public. Our reputation must be raised and we can achieve that only by being open and honest.

Expenses have always given us a bad name, and I shall explain why. We must all accept that the starting point for everything that we must now do is that everything that we spend out of taxpayers' money should be open to anyone who wishes to inquire. Parliament has lagged behind the wish of the public to scrutinise this institution. We have done ourselves great damage by sticking too much to conventions and old habits, instead of accepting that the lack of the scrutiny that people demand is a running sore that must be addressed.

Our systems, methods and rules are sometimes unfathomable, however honest and decent they might be, and that causes a lot of misunderstanding. Out of misunderstanding comes suspicion and then resentment. That is not healthy in any democracy. Sometimes, of course, some of the mischief is wilful, but we have to live with that. We also always face the danger that one culprit among us damns us all.

We need to find a system that can overcome all those challenges and we need to accept that the problem has been brewing for decades. Some 20 years ago, the allowances that we needed were far smaller. Our public role—answering correspondence and travelling, for example—was much less of a burden. The whole issue of expenses was used as a surrogate mechanism for increasing our salaries without attracting public criticism. It is always difficult for any Government or Opposition to say that MPs should be paid more. Let us be brutally honest and admit that the housing allowance—the additional costs allowance—arose because no one dared to increase MPs' salaries and that was another way to do it. MPs were essentially told, "Here's a few extra thousand quid a year to pay for your second home, because that's what you need to be an MP, and you will get it automatically."

The automaticity with which we were able to claim that allowance may have suited the time when it was first awarded, but it does not suit the modern age. If all of us can benefit from something approaching £20,000 for a second home—

Simon Hughes (North Southwark and Bermondsey) (LD): Not all of us!

Alan Duncan: Of course not, if Members live in London. Perhaps only a second taxi.

We now live in a world in which, if we receive such an allowance, we must accept that we have to account for every detail of any claim made. The origin of the allowances and the changing nature of our job have led to a complete and utter mess. It is only by degrees that we have addressed that mess in sufficient detail—and we have not done so quickly enough.

It may well be that one day it will be sensible to abolish the second housing allowance and bolt it on to our salaries so that we will have to pay for our own homes—*[Interruption.]* There may be an argument that houses in London are more expensive, so we should all be paid the same, but that is a separate argument. The point is that no one at present—and rightly—would announce what would appear to be a quantum leap in our salary on the back of the amalgamation of an allowance with what we are paid. That is not on the cards at the moment, but we should all accept the origin of and possibly the ultimate solution to the very vexed question of the second home allowance.

We have to declare, and it is right that we should do so, but on the back of the gradual steps that we have taken we have caused absolute chaos for ourselves, to the point where, unbeknown to any of us, what used to be called the Fees Office, which is now the Department of Resources, had a list of what it was acceptable to spend the money on so that we could check that we were buying a toaster that was not too expensive, or too ridiculous—one that was not gold-plated—and that became known as the John Lewis list. It was an absolute gift to journalists, which has ended up doing us harm but creating a lot of very interesting stories.

The argument that was then created was for a serious and proper debate about the level of detail that we should be expected to reveal in the lists or receipts that we publish. I am sad to learn that if I were to send the Leader of the House a Valentine's card, the cost would not count as a proper parliamentary expense.

Andrew Mackinlay: She would not believe it.

Alan Duncan: The one I would pick might just give it away.

The other vexed issue accompanying the development of our allowances has been the implementation of freedom of information legislation. We have witnessed a long, slow train crash between what we do and what the Freedom of Information Act 2000 requires, which we have been unable so far to resolve. In the eyes of the public, that appears to be a requirement that we have always wanted to escape. The assumption of the Freedom of Information Act is that there should always be disclosure. However, the other side of the disclosure equation is that if such disclosure collides with data protection it may not be necessary. In the Freedom of Information Act, as it applies to this House or to anyone else, there is therefore always a permanent tension between openness and privacy. There are always exceptions in other fields on what is published. We can all accept that when there is a legitimate matter of security and the safety of the individual, and the revelation of certain details that could be taken wrongly and abused by other people, privacy is very important.

The other side of the equation, which affects us uniquely, is the fact that when it comes to the need to reveal information we are at the top of the scrutiny pyramid. We are elected. We choose that, and through election we become permanently in the public gaze. Even High Court judges are not quite in the same category, nor even permanent secretaries, and certainly not middle-ranking—*[Interruption.]* I shall set the BBC to one side for the moment. Middle-ranking civil servants are certainly never expected to be in the public gaze and they are just that—civil servants. We must accept that we are the people who are most expected to come clean about how we spend the allowances that are granted to us. I think that we have been very slow to accept that that scrutiny is legitimate and that we are in an almost unique category.

That brings us to the specific question, which can be boiled down to this: receipts or no receipts? How far should the system be allowed to drill down to what we have done, what detail can be insisted on and whether it is fair for all that to be revealed? Should it go down to the last single receipt for the toothbrush that one has bought in the local supermarket?

The origin of that question, to which the Leader of the House and others have referred, lies in what the Information Commissioner ruled and in subsequent events. The Information Commissioner originally ruled that categories of spending would suffice. That was challenged and taken to the Information Tribunal. The tribunal ruled that the House of Commons—that is, us—should be required to reveal what we have spent right down to the level of receipts. Perhaps I am getting the history slightly wrong—I have been in this role only for a couple of days—but my understanding is that the House wanted fewer categories than the number originally proposed, but the High Court upheld the tribunal's decision and said that receipts were required.

I understand that one of the reasons why the High Court upheld the Information Tribunal and not the commissioner was, as my hon. Friend the Member for New Forest, East (Dr. Lewis) said, that there was no apparent adequate regime in place that gave the Information Commissioner enough confidence that even the categories would be adequately compiled. There was insufficient scrutiny behind the scenes in the whole system, so much so that the tribunal said, "In the absence of that, publish the whole lot." That got us to where we were yesterday.

The House authorities—the Committees and the Leader of the House—thought, "Well, we think that the Information Tribunal and the High Court are going a bit further than is really necessary, and so we will introduce a retrospective amendment to the Freedom of Information Act that will allow us not to have to publish receipts." It is clear from the events of yesterday that Opposition Members and the Leader of the Opposition felt very strongly that we made the law, that we were subject to the law, that the law applied to us and that the High Court had a case that said that that law must be upheld but that suddenly we—the lawmakers—wanted retrospectively as a House to exempt ourselves from the law that we had made. We can all accept that that just was not right. Whatever we want to do in the future, having made our bed we have to lie in it.

That means that with all the scanning that has taken place, both the first and second times, those receipts will have to be published. From 2005 to 2009, the information will go right down to receipt level. We are looking to the future today, and the question is whether what is before us will suffice and whether it will satisfy the Information Commissioner and those who quite rightly demand freedom of information about us. My view is that we should still be subject to the freedom of information legislation. I shall come in a minute to what that might now mean.

[Alan Duncan]

There is a lot of good sense in the motions—they are a good advance. There are 26 categories, and I have to say that one of them puts me in a slightly awkward position given what the Leader of the House said following the statement a moment ago—*[Interruption.]* Funnily enough, it is about oil. Under the category of utilities are listed electricity and gas. I can only take that as a personal attack, because it misses out oil. It might equally include wood, straw and biomass. I hope that some of the categories, which I know are not meant to be exhaustive, will not be applied in a way that is over-bureaucratic. The heading given is for heating, and the use of utilities for heating should be dealt with sensibly. I am sure that the Committee will consider that point and we will see as we go along whether the categories are adequate. There will need to be a little leeway so that the scheme is practical and so that it works. I hope that the Leader of the House and the House authorities will allow me to heat my constituency home in Rutland with oil.

There is another good element to the motions that will change the whole climate of freedom of information. Through these motions, the House is properly introducing a thorough regime for audit and assurance. That point is crucial. There will be a full and proper external audit of what we do, carried out, I think, by PricewaterhouseCoopers. Each of us can expect to be fully audited at least once in a full Parliament and, if any habits or things seemed to stick out, I think that an hon. Member would be at risk of being individually scrutinised on another occasion, too. There is also an enhanced assurance scheme in the Department of Resources that can give clear guidance and allows for spot checks and much more rigorous scrutiny than before.

One little vexed issue remains that can continue to be a bit of a gift to a journalist who wants to write a story: the £25 limit below which we do not need to offer a receipt—but that limit was advised by outside auditors and scrutineers. It is not something that all of us say that we must have because we want to keep a bit of flexibility so that we can keep the cash coming in on the sly. The limit is just a simple matter of efficiency, ensuring that the proper regime that we have put in place does not have a disproportionate cost attached. Basically, the rule now is that more or less everything will need a receipt and be subject to audit, and that hon. Members can claim only for expenses that qualify fully under the allowances that are in place.

In addition, there is going to be a new Committee on Members' Allowances. The hon. Member for Cannock Chase (Dr. Wright) asked whether that would be much of an improvement, but I repeat that I think that it will be. Because of private, cosy advice offered in secret behind closed doors, the Committee will be akin to a full Select Committee. It will meet and take evidence in public and, because it is a Select Committee, it will be made up of Members of the House, as the Leader of the House said. However, its proceedings will be so clear and transparent that the advice that it is given will also be open, and so the advice that it is likely to give to the House will, with any luck, be well founded, sensible and properly understood. The Committee will advise on what is going on, and on what should go on, in full public view. I think that that is a good step. Furthermore, there is the new Green Book which, as the Leader of the House said, is tighter, simpler and clearer. I think that all hon. Members will want it to be adopted.

In conclusion, where does all that leave us now? The question remains: receipts or no receipts? That is the question that is still hanging, and it has to do with the level of specificity that must apply.

Dr. Julian Lewis: I thank my hon. Friend for allowing me to intervene before he answers his own question. May I make a suggestion to those on both Front Benches? One aspect that has not been brought up in either of the two opening speeches is the question of those people, often with a personal axe to grind, who will take a vexatious approach to what is revealed. Before we decide whether in the future we want to go further than the law requires and keep on issuing information down to receipt level—we have certainly had to do so in the past, but we may not in the future—would it not be sensible to see what happens? We can then take a view after we have released information down to receipt level in the past.

I can give an example involving a political opponent of mine. He has already put in 15 FOI requests that affect me, and 11 of them have been aimed directly at me or my staff. As soon as one request is ruled out or shown to be baseless, this person puts in more requests. Should we not review how people behave in response to the new regime as it applies to receipts from the past before we decide what to do about receipts in the future?

Alan Duncan: I am grateful to my hon. Friend, who is very dogged in these matters and very assiduous in the way that he analyses them in such detail. Sometimes in British political life one can do the decent thing and always be taken advantage of. One of the challenges that we face is not to be done down by our sense of decency. We should have the highest standards of openness, but we also need some safeguards to ensure that we are not taken for suckers.

By making everything available, we must not allow ourselves to be subject to an open season of malicious and vexatious attacks. We have a duty to uphold and sustain the dignity of this place as well as honouring, as we should, our obligation to come clean about how we spend our money. Lying behind my hon. Friend's question is an issue that I think will arise: if we are doing all this because we are the guardians of the taxpayer's money, that responsibility will apply equally to the cost that will be incurred by publishing every receipt and investigating every FOI request. That cost was running into millions of pounds, so it may be that people seeking information on a regular basis will have to pay a small charge. That question will have to be explored.

Mr. Gordon Prentice (Pendle) (Lab): Another issue is always in the background: the capital gain that some Members enjoy from their ownership of a second home here in London. That gain distinguishes Members who rent from those who buy. Does the hon. Gentleman have a view on that?

Alan Duncan: In the current climate, I think that hon. Members are more concerned about making a capital loss.

John Bercow (Buckingham) (Con): I am extremely grateful to my hon. Friend for giving way. He is making an excellent and non-partisan speech that most people would consider entirely fitting for the occasion. Does he agree that, if the House is to go for greater transparency and audit—and I, for one, believe that it absolutely must do so—it will be incumbent on the House collectively to defend the integrity of the items for which it is permissible to claim and on which the House has agreed? In other words, does he agree that we really do not want Members to score points off each other, for example by saying that it is all right to claim mortgage interest but not to claim for legitimate furnishing or other items? After all, Members do not inherit their furniture and they are behaving perfectly properly when they seek support to run a second home.

Alan Duncan: Unlike the other, late Alan who used to stand at this Dispatch Box, I am afraid that I did have to buy my own furniture.

I shall conclude by responding to the questions that various Liberal Democrat Members have asked. As I said, the question remains about the level down to which information will have to be revealed. I do not want to pre-empt today either the judgment from the Information Commissioner or the decisions of the Committee on which I shall sit in future about how what we are putting in place today is likely to be implemented to everyone's satisfaction. The intervention from my hon. Friend the Member for New Forest, East (Dr. Lewis) made it clear that the High Court made its decision because no satisfactory regime was in place. That decision will be different if the proposals before us are supported at the end of the debate, and the Information Commissioner might say that going down to the receipt level is disproportionate and unnecessary. He may conclude that the new categories meet the highest imaginable standards compared with any other public body and that they will therefore suffice.

Whatever the House decides, I hope that we can bring an end to the press having a field day at our expense and thereby diminishing both Parliament and the whole process of democracy. In the past, they have had a good basis for doing that and they have been entitled to point out the worst offences. We need to bring that to an end.

We need to move on and make this place work better, and to make people realise that this is an honest Parliament. It is probably more honest than any other that I know in the world, and it is here to serve people. People would benefit from respecting it—they may even want to be elected to it—and from appreciating what we all try to do for our constituents. That would enhance our democracy instead of causing it to decay.

1.38 pm

Mr. David Heath (Somerton and Frome) (LD): I begin by saying that the hon. Member for Stafford (Mr. Kidney), who is not in his place at the moment, made a very important point to the Leader of the House in his intervention. The system that we have been working with may have its inadequacies, but all hon. Members who submit a claim sign a certificate to the effect that they have used the money for a purpose that is consistent with their parliamentary duties. I agree with him in that I cannot understand how people can get away with using that money for a purpose that is wholly inconsistent with their parliamentary duties. How can it be said that there is something unclear about the certification that we all sign each time we claim? It is unfortunate that the impression has been given that, somehow, it was sufficiently unclear that it was all right to have blatantly fiddled the system, as, sadly, one or two Members appear to have done.

Mr. Oliver Heald (North-East Hertfordshire) (Con): Does the hon. Gentleman agree that one of the faults has been that we have not had a system of audit that goes beyond the signature and allows proper scrutiny, simply as a check that hon. Members are behaving in accordance with what they have signed for? That is the great strength of the improved arrangements that are being put in place today. As a member of the Committee on Standards in Public Life, I think it important, as my hon. Friend the Member for Rutland and Melton (Alan Duncan) was saying from the Front Bench, that we should uphold the highest principles—in fact, the seven principles that Lord Nolan proposed—and the new audit arrangements are a step in the right direction.

Mr. Heath: The hon. Gentleman is absolutely right, and he will know—because he used to be my sparring partner on these issues for many years—how often I have said that we need better and essentially external audit of what is done in the House. I am therefore very pleased that that is part of the proposals today.

The Leader of the House suggested in the earlier exchanges that we do not want to get into a Dutch auction between the parties on who is holier than thou, and I absolutely agree. It is important that we as a House come together on the issue and find a way forward that does not try to divide us into different camps, nor enable any portion of the House to claim a specific sanctimony all its own, as that is unhelpful to the process of finding the right solution.

I want to spend a little time on the Freedom of Information Act statutory instrument. It has been withdrawn, but it is extremely cogent to the proposed scheme of publication. I wholly welcome its withdrawal. I always intended to oppose it, as I have always opposed such matters. The one party political point that I want to make—I hope it is not at the expense of others—is simply that I was very saddened by the spin coming from those who speak for No. 10, who suggested yesterday that the statutory instrument was based on what was called an all-party agreement. It was categorically not based on an all-party agreement. The Liberal Democrats were neither asked the question, nor did we agree to it. I see the Leader of the House nodding on that point. It is thus wholly incorrect to suggest that we would support such an exemption for Members of Parliament.

Ms Harman: I had not planned to intervene, because I spoke for so long; but to put the record straight, I never said "all-party support". I said that I understood that we had the support of the official Opposition. Of course, a Liberal Democrat Member served on the Members Estimate Committee, so was aware of what we were planning, but I have never taken that to be assent from the hon. Gentleman's party or ever claimed that.

Mr. Heath: I am grateful to the right hon. and learned Lady for clarifying that. She was absolutely correct in

[Mr. Heath]

what she said, as was the Prime Minister in what he said from the Dispatch Box yesterday, but it was spun a different way later, which is unfortunate.

If we had been asked, we would have said no, because we do not believe that the House should be exempted from the Freedom of Information Act on this matter. We have always argued that that Act should not be diluted. The first Committee on which I ever served in the House was the one that considered the Freedom of Information Bill, and we argued then that the Bill was a diluted form of the excellent White Paper, produced by Lord Clark of Windermere when he was in government, on which it was based. It was diluted again in the Standing Committee and when it returned to the Chamber. Ever since, there have been attempts, notably by the right hon. Member for Penrith and The Border (David Maclean), to dilute it again. If we keep on diluting the Freedom of Information Act, we get to a point where it is positively homeopathic in its dilution—it no longer has the effect that we want it to have—and that is something that we should oppose, and my hon. Friends will certainly do so.

Mark Hunter (Cheadle) (LD): Does my hon. Friend share my concern that, despite several attempts to get an assurance from the Leader of the House that the Government will not seek to exempt MPs from freedom of information legislation on any future occasion, she was evidently unable to provide such a categorical assurance to the House today? Does he also share the concern that the only conclusion we can draw from that is that, despite what is being said today, there may yet be further occasions when the Government will seek, once again, to exempt MPs from the Freedom of Information Act? We are seeking to defend an important principle.

Mr. Heath: I agree with my hon. Friend that the principle is important—it is one of the three principles that I am about to set out—and I was disappointed that the Leader of the House was not able to give that categorical assurance, because it would have been helpful to the House, particularly to those hon. Members who felt that we were going in entirely the wrong direction in trying to disapply the freedom of information provisions to ourselves.

Dr. Julian Lewis: Will the hon. Gentleman give way?

Mr. Heath: I will give way in a moment; I am about to set out the three very important principles that we should abide by in this respect.

Mr. Frank Field (Birkenhead) (Lab): Will the hon. Gentleman give way?

Mr. Heath: I have just indicated that I am about to set out three principles, so it would not be helpful for me to take an intervention just at that point.

The first principle is that the concept of freedom of information applies to Members of Parliament as much as to anyone else in the public services. That is non-negotiable. The second principle is that the public have a right to know how public money is spent. Again, that is a key principle. The third principle is almost a reverse of the second in some ways: MPs should get the expenses that they need to do the job they are asked to do on behalf of the public and the community that they service—not a penny more, not a penny less. We should be prepared to defend the provision of those expenses. No one else would call them "expenses"; they are the running costs involved in being a Member, and we should not be defensive or ashamed about that. That is what is necessary to do the job that we do in the House.

Dr. Lewis: I warmly welcome the non-partisan way in which the hon. Gentleman is approaching the subject, but on never diluting the Freedom of Information Act and never making an exception, may I remind him of the important point that was made by the Leader of the House? An exemption to the Act was made in respect of MPs because of the insane decision by the High Court that our home addresses should be published. I must remind him that, quite rightly, at least half of his parliamentary party signed up to that and that not one Member chose to divide the House on it. So that is why it is perfectly reasonable for the Leader of the House not to give a blanket commitment never do that again, whatever the circumstances. When the Act was originally passed, no one in their wildest dreams would have imagined that the High Court would be mad enough to suggest that our home addresses should be published en masse on the internet for the benefit of any trouble maker at home or terrorist abroad.

Mr. Deputy Speaker: Order. May I plead for interventions to be the standard length? I have been very flexible about it this afternoon, but they are tending to become mini speeches.

Mr. Heath: I am most grateful to you, Mr. Deputy Speaker. The interventions have been rather longer than the small interludes in between, when I have been speaking.

The hon. Gentleman makes a point. He knows, I think, that I did not agree with him on that—others did—and I made it clear that I did not. There must be very specific and particular security reasons for non-publication. Everyone knows where I live in my constituency. That is published in the phone directory, and I make no secret of it. But there are specific reasons for specific Members where that is not the case.

Mr. Gordon Prentice: On the issue of not a penny more, not a penny less, may I return to the question that I put to the hon. Member for Rutland and Melton (Alan Duncan)? Should any capital gain arise from the ownership of a London property, should it be paid to the Treasury? If there were a loss subsequently, the Treasury could pay the Member who had lost out.

Mr. Heath: I do not think that there should be personal gain; that is my view. Actually, I would go further than that, and when we considered the review, I made a recommendation. Years ago, we arrived at the wrong system when we decided that people could buy properties and reclaim the mortgage. I know that there are contrary views on the issue. Some say, "Well, actually, that has been a saving to the taxpayer," but the situation would be much clearer if we identified a place to live and the rental was paid directly by the House. Then there would not be any question of people buying furniture and acquiring gain from their property. However, that is not the system, and I do not criticise any Member for abiding by the current rules, because that is what is set out.

It is wrong to suggest that when somebody has used the current allowances to buy a property, and then has to put furniture in it—shock, horror, they need some furniture!—it is somehow a scandalous waste of public money. That does not make sense. One must use either one system or another. We cannot have a system and then criticise those who use it in a perfectly sensible and sober way.

Mr. Frank Field: I want to come back to the substantive point that we are discussing today. It is not a general point about the Freedom of Information Act and how it operates; the issue is how it operates specifically with regard to our expenses. Is it not true that however the Government wish to present those expenses, our constituents will be able to find out what we have spent and how we have spent it?

Mr. Heath: That moves me neatly on to what I was going to say next. My difficulty with the proposals before us is the relationship between the scheme of publication that has been suggested, which has many admirable qualities, and extant freedom of information requests and decisions of the tribunal and the High Court, which cannot just be wished away; they exist. The tragedy is that if the House had used its brain a little more three or four years ago when the issues started cropping up, and had realised then that the need to respond to the public interest meant having a proper scheme of publication and a proper audit system, I think that would have satisfied the Information Commissioner. In fact, there is evidence to suggest that it would. Then we would not have had many of the discussions that we have had in the past few days.

The tragedy is that those who did not want to disclose anything have ended up having to disclose everything because they could not see the way the wind was blowing. I hope that this is a lesson to Members of the House: when the public have a legitimate right to know something, trying to keep it secret beyond the point at which that is tenable is a very bad tactic, quite part from anything else, because the result will not be what they expect it to be.

Simon Hughes: My hon. Friend has given us wise words. Does he not agree that the conclusion of what he says is that a simple pair of messages must come from the House? The first is that we will comply with the law that applies to everybody else, and secondly, we will make available to the public all the information about the money that they give us and how it is spent?

Mr. Heath: That must be the case. That brings me to my difficulty with what the Leader of the House is saying. She has brought forward a scheme which, as I say, has many admirable qualities, but the problem is that it has been trumped by the decision of the High Court, following the tribunal decision. If an application were made, but the House decided not to comply with that application, and the case went before the Information Commissioner and was appealed to the tribunal, before going to the High Court, it may well be that a different view would be taken on the basis of the scheme before us today. However, that is by no means certain.

The right hon. and learned Lady is saying, "We shall have to decide, once the measures are in place, whether we want to continue releasing information down to receipt level, in accordance with the Court judgment." We are deciding not to do that, under the measures that we are debating today, because the scheme of publication does not allow for that. It would be perverse to have two schemes of publication—one by category, and the other down to receipt level—operating in parallel. That is my difficulty. There is no resolution of that problem at the moment; it will depend on how the House decides to proceed. However, I think that we are getting ourselves into another mess.

I am assuming that the House authorities will now release all the redacted information that they have been working so assiduously to produce, and have spent £2 million on preparing. If they do not, I have to say that if I were a person who had an FOI application in place, I would be rushing to the High Court to try to get a mandatory injunction to ensure that the House complied. I am not sure whether the House would have its assets sequestered as a result, but that would be an interesting constitutional outcome. It is now clear that the House has to comply with the request, and I inferred from what the Leader of the House said that it was the intention to do so in the very near future.

Dr. Palmer: Will the hon. Gentleman give way?

Mr. Heath: Well, yes.

Dr. Palmer: I am grateful to the hon. Gentleman for giving way, albeit slightly unenthusiastically. The amendment that my hon. Friend the Member for Southampton, Test (Dr. Whitehead) tabled was designed to ensure that information down to receipt level was available, if necessary. We are not allowed to speculate in detail on why it was not selected, but I believe that the reason is that its provisions are covered by the intention of the House. I would certainly be disappointed if that were not the case.

Mr. Heath: There have been several expressions of disappointment about the fact that the amendment was not selected, but the issue is not in my hands. The inevitable result of the situation that will pertain by the end of the debate, provided that we go ahead with the proposals, is that we will have the scheme of delegation, but it will be superseded by the fact that we are required, under a current ruling, and until an alternative ruling is in place, to provide information down to receipt level. That is the position that the House is in, and it should be aware of that. Given that, the Leader of the House may like to consult her colleagues to see whether there are more sensible alternatives to the method of redaction being used. There are various ways of achieving the same result. The first is redaction at source—

Ms Harman: In future?

Mr. Heath: Yes, I am talking about the future. We could invite Members to go through a redacting process at source, before they hand in the receipt, to make sure that it does not contain certain things. There is also the

[Mr. Heath]

"blank sheet" proposal, in which hon. Members would transfer the information from the receipt on to a standard form, which provides the information that is properly released. It is that form that is submitted, but it is of course backed up by a receipt, which is open to audit by the auditors. Both those systems would be much cheaper than what takes place at the moment, and would have fewer implications for the staff of the House. I hope that we will consider that.

The changes in the Green Book do not necessarily go as far as I would like, but they accurately reflect the decisions of the House. A good job has been done in translating the decisions of the House into the new regulations. As I say, it is not the Green Book that I would have written, but I nevertheless think the House should support it. I have already spoken about external audit: it is the most important element of the package before us today, because until there is an audit people can trust of how we run the mini-businesses that are our offices, they will not accept our word that we have done it properly.

That brings me to the point on which I want to finish. Surely the lesson from the whole affair is that we constantly need to step outside this place and look at ourselves as others see us, rather than thinking about our concerns and the potential for embarrassment or difficulties, which is undoubtedly there. We know that the press will make mischief out of almost anything that we do. There will be people who will deeply regret the publication of their expenses claims because they will have them splashed all over the papers, and upsetting and misleading statements will be made about how spendthrift they are. That will happen. It is regrettable, and one would hope that it would not, but it will. At the same time, surely we ought to see our behaviour as the outside world sees it. One of the great sadnesses of the proposal that was on the Order Paper until yesterday was that what the outside world saw was our hiding from the public who pay our wages, and that is not right. I hope that we will not do so again.

1.59 pm

Hugh Bayley (City of York) (Lab): I warmly welcome the Government's decision not to seek to exempt Parliament from the Freedom of Information Act 2000. I was one of the Labour Back Benchers who went to the Whips and said that they could not vote for such a proposal. I do not frequently clash with my party's Front Benchers, but on this occasion I felt that it was an important matter. I take great pride in the fact that my party is led by people who listen and respond. It should be respected for that.

I also welcome motion 2, which is in the name of the Leader of the House. It substantially increases the detail of Members' expenses that the House will publish routinely and automatically each year, without the need for freedom of information requests. However, I am concerned that the motion does not go far enough to reassure public concerns about MPs' expenses. I fear that there could be a gap between the 26 categories set out in the motion and the receipts publication scheme, which has yet to be implemented.

The reputation of the House and of MPs generally is not as high as I would like, and our hesitation or reluctance to respond fully and openly to freedom of information requests about our expenses has contributed to that. Our reputation matters. If people respect Parliament, they are more likely to listen to the sometimes conflicting views expressed in the House, and to accept our decisions, especially when they do not agree with them. Equally importantly, they are more likely to take the trouble to turn out and vote in elections.

I wish to illustrate my concern by speaking in particular about motion 2(2)(b)(v), which refers to "fixtures, fittings and furnishings" under the heading of the personal additional accommodation expenditure allowance. I say to the hon. Member for Buckingham (John Bercow) that I am not suggesting that that area of expenses is more open to criticism than another. I have chosen to focus on it for two reasons. First, there is a widespread public interest in the issue, given the public comment and coverage about the John Lewis list. Secondly, fixtures, fittings and furnishings purchased under that heading are likely to be more expensive than the registered letters, mentioned by the Leader of the House, that are referred to in the congressional compendium of Members' expenses.

The new Green Book sets high standards for us Members to observe. We do not have those standards as a badge of our good standing and then set them aside; we have them because we mean to apply them. Let me read one or two items from the new Green Book. It states:

> "Claims must only be made for expenditure that it was necessary for a Member to incur to ensure that he or she could properly perform his or her parliamentary duties."

I think it perfectly reasonable for a Member of Parliament to purchase a £250 or £300 television for their second home so that they can watch "Newsnight" after the day's business and keep up to date with the television news. However, I am not sure that it would be necessary to purchase a £1,500 widescreen television; if a Member did, some of their constituents might think that that had more to do with watching football matches at the weekend than keeping up with the news, which would be a necessary part of parliamentary business.

Dr. Tony Wright: Such examples illuminate the debate. They are one reason why even an expanded publication list does not quite do the job. We all accept that a Member has to buy a television set, refrigerator or vacuum cleaner to maintain a house down here. However, if someone bought those things every year and claimed for them, that would be an abuse. We would not know that that abuse was being carried on if we simply had aggregate figures, even on an expanded publication list—we would know only if we had detailed expenditures.

Hugh Bayley: I fully agree. I am not allowed to refer to an amendment that I put down, but my hon. Friend will be aware that I take the view—in relation to this category at least, and possibly to others—that we would do more to reassure the public if we published routinely and without the need for freedom of information requests a more detailed breakdown of expenditure.

On my hon. Friend's point, I should explain that the reason why there may be a gap between the 26 categories on the one hand, and the receipt publication scheme on the other is that anyone who has looked at freedom of information documents provided in response to freedom of information requests will be aware that one of the ways sometimes used to confuse the information seeker is to provide reams of documents, often with black marks crossing out certain passages. That makes it extremely hard for the person who has requested the information to dig out the facts that they are after. It has happened to me; it took me literally hours to find the nugget of information that I was after in a package of a few hundred pages with some markings out.

When more than 1 million Members' receipt documents with crossings out are released, it will be extremely difficult for a member of the public to sort the wheat from the chaff. It does not help the public or anybody else to release thousands and thousands of receipts from Ryman's for staplers or single reams of paper. However, as my hon. Friend points out, it may make sense to release receipts for larger capital items so that somebody could check, as my hon. Friend suggested, whether a new television had been bought three years running.

Mr. Gordon Prentice: We do not want to set hares running. My Friend mentioned a £1,500 television set, but that would never have got through the old system. The Green Book says that items of furniture and so on must not be extravagant, and I do not want people out there to think that we routinely buy super-expensive televisions.

Hugh Bayley: My hon. Friend has made his point—*[Interruption.]* No, I do not think that he is right, because a judgment about what is and is not extravagant has to be made and the public have a right to share in making that judgment. If the information is not available to them, they will not be able to look at the evidence and make judgments themselves. Unless we give them the opportunity to do so, our motives will remain in question.

John Bercow: I understand the hon. Gentleman's point about the distinction between a modestly priced item and an extravagantly priced one, but that has been satisfactorily addressed by the hon. Member for Pendle (Mr. Prentice). I put it to the hon. Gentleman that his concern is substantially addressed on page 11 of the revised Green Book, given the proposed 10 per cent. limit as a proportion of the total allowance that can be paid in respect of the type of items that he is describing.

Hugh Bayley: Ten per cent. of the allowance is about £2,000. To say to the public that Members can spend £2,000 without having regularly and routinely to face the discipline of that expenditure being broken down in the figures that the House releases to the public would put us, as the hon. Member for Somerton and Frome (Mr. Heath) suggested, in a position of doing slightly too little, slightly too late, and leave the public feeling that we were not doing enough to reassure them that our expenditures are made for good parliamentary reasons. That is why I would like the Leader of the House and those who speak for the other parties to reflect on what I have said in their closing remarks.

My hon. Friend the Member for Pendle noted that the new Green Book refers to extravagance. It says:

> "Members should avoid purchases which could be seen as extravagant or luxurious."

Mr. Prentice: The old Green Book said that as well.

Hugh Bayley: I am glad to see that it is there. How will the public be reassured that the items are not extravagant or luxurious unless we release the information to them, and do so in a form that is digestible instead of as part of a compendium of 1.2 million receipts, the vast majority of which nobody would express any interest in whatever?

2.11 pm

Sir George Young (North-West Hampshire) (Con): I want to make a brief contribution to this debate wearing the hat of the Chairman of the Standards and Privileges Committee.

I congratulate the hon. Member for City of York (Hugh Bayley) on a thoughtful speech. I also commend my hon. Friend the Member for Rutland and Melton (Alan Duncan), who is momentarily not in the Chamber, for making a very good maiden speech in his new capacity, setting exactly the right tone and balance for the debate.

John Bercow: So did the Leader of the House.

Sir George Young: Yes, but it was not a maiden speech.

My hon. Friend the Member for Rutland and Melton mentioned the absence of oil as a commodity for which we should provide receipts. If he had to produce receipts for all the oil that he had purchased in his life, I suspect that it would involve a very substantial sum.

I welcome the production of the new version of the Green Book and congratulate its authors. The background to their task was the mixed reception for the report by the so-called MEC 3 back in July. I hope that we are now back on track to produce a new set of rules. My Committee has an interest in clear rules with robust and reliable advice from the Department of Resources, because we want to reduce the number of times that colleagues come into contact with the House's self-disciplinary system and are then investigated by the Parliamentary Commissioner for Standards and subsequently by my Committee.

I want to take issue, I am afraid, with something that the hon. Member for Somerton and Frome (Mr. Heath) said; I do not do that very often. He started his speech by saying that he could not understand how it could be unclear when a Member signed off the application for reimbursement. If he looks through the reports from the Committee of which he was briefly a member, he will see that lack of clarity in the rules and flawed advice or procedures from the House authorities have been contributory factors in complaints against Members being upheld. There is an imperative to move towards greater clarity of the rules to avoid the sorts of problems that have arisen in the past.

Mr. Heath: Let me clarify what I said. I absolutely agree that there was sometimes a lack of clarity, which may have contributed in marginal cases. My point was about somebody having deliberately and clearly flouted

[Mr. Heath]

the rules and written something untrue by signing their name to a certificate to say that something was incurred in support of their parliamentary duties. Like the hon. Member for Stafford (Mr. Kidney), I cannot understand why that is not a prosecutable offence.

Sir George Young: I take that point, but it is not always clear whether something is necessarily wholly and exclusively for parliamentary purposes, and we need to be as clear as we can.

Nick Harvey *rose—*

Sir George Young: I give way to another member of my Committee.

Nick Harvey: Is not one of the strengths of the regulatory systems inside Parliament that the burden of proof necessary is not that which an external court would need? The hon. Member for Stafford and my hon. Friend the Member for Somerton and Frome say that they do not understand why a prosecution did not take place in the case involved. The answer is perfectly simple—that the standard of proof that would have been required in the criminal court was not obtained, but the standard of proof necessary for the House to come to a very severe conclusion in that case was met.

Sir George Young: Indeed. That is the answer to a question that was raised earlier—why, in a particular case, the police did not prosecute but the House was able to come to a conclusion.

My Committee has an interest in the broader reputational issues of the House that have been discussed during the debate, and I think that the revised audit proposals can increase public confidence in how taxpayers' money is spent. My view is that the vast majority of colleagues have nothing whatever to fear from greater transparency, and it is unfortunate that more recently an impression to the contrary may have been given. As we have just heard, where colleagues do break the rules, the disciplinary consequences can be politically terminal.

I want to refer to an issue touched on by the Leader of the House—the need to ensure that the role of the Parliamentary Commissioner for Standards, who is an independent Officer of the House, and the role of the Committee to which he reports are not prejudiced by the dispute resolution procedure proposed in the report. Paragraph 5 of the introduction to the report before the House makes no reference to the role of either body in determining whether expenditure is allowable, and the resolution before the House gives that task to the Committee on Members' Allowances. It could therefore be possible for two Select Committees of this House to come to a different view on whether the rules have been broken. That would not be a good outcome.

Public confidence in our behaviour has been enhanced over the past 12 years by having an independent parliamentary commissioner whose reports we always publish. I pay tribute to the work of Philip Mawer and John Lyon; indeed, today we publish two of John Lyon's reports. It is important that this strong independent outside element is not bypassed or undermined by the new procedures and that the commissioner retains the discretion to determine whether to investigate and whether there has been a breach of the rules. I was grateful to the Leader of the House for the assurance that she gave on that point.

John Bercow: I agree with the thrust of the concern that my right hon. Friend is expressing. Certainly, we do not want anything to be introduced which, by accident or design, would make our procedures more opaque or decision making, if I may say so, more long-winded. Does he agree, without reference to any particular case, that where individuals are the subject of investigation, there is an important principle to bear in mind—not only that someone is innocent until proven guilty but that justice delayed is justice denied? It is incredibly important that timely decisions are reached about the fate of individual Members.

Sir George Young: I agree with that. Without referring to an individual case, one can contrast the time that the police authorities or the Crown Prosecution Service may take to reach a conclusion and the much reduced length of time that the House can take to reach a decision on an identical matter.

I am very grateful to the right hon. Member for Islwyn (Mr. Touhig) for his helpful approach to the issues that I have mentioned, avoiding any conflict of conclusions on whether the rules have breached. He and my Committee had a helpful meeting on Tuesday. Between us, we can resolve two imperatives—on the one hand, preserving robust existing disciplinary procedures with the commissioner, and on the other, giving authoritative guidance to colleagues where there is uncertainty.

In paragraph 6, there is a reference to practice notes. Those will be important, and I hope that the commissioner and my Committee might be included in the consultation on these, as we have some corporate knowledge of operating them. For example, the practice notes on what is a main home may need to take account of past cases where lack of clarity has caused difficulties. The new Committee on Members' Allowances is given the role of keeping the rules under review, but the parliamentary commissioner has a similar obligation under Standing Order No. 150, as has my Committee under Standing Order No. 149. We have a view on the content, interpretation and propriety of the rules, but the new Committee is given a similar responsibility. Again, we will need to work closely together to avoid duplication; I am sure that with good will that can be done.

I strongly endorse the principle of Members taking personal responsibility for all expenses incurred, as set out on page 7, but I wonder whether the practice notes might give some guidance on what might be seen as extravagant or luxurious, to pick up a point made by the hon. Member for City of York. I also endorse the principle of avoiding claims that damage the reputation of Parliament

On travel expenditure, am I alone in questioning the cumbersome and time-consuming new arrangements for auditing rail travel? They are far more complex than the old warrant regime. May I suggest spot checks? Proportionality is an important concept, and misuse of rail travel between Westminster and the constituency has not been a source of problems. Filling in every detail, every month, of every rail journey between Waterloo and Andover is not, in my view, a productive use of my time.

The document has rules on communication and stationery that take up the points in my Committee's 19th report, but it would have been helpful if we had been in the loop with regard to this document. Other bodies in the House were consulted on its drafting, but neither the commissioner nor my Committee were, and I see no good reason for that.

I also welcome the recommendation that material to be published and claimed for under the communications allowance—the newsletters—should be submitted in advance. If all colleagues do that, we will avoid a lot of problems. I welcome the operational assurance proposals. It is important that that unit within the Department Of Resources should be properly resourced and staffed by people with authority and an understanding of what the life of an MP involves.

I make a small and final plea. The claim forms are available online, but we cannot complete them on a computer. We have to print them out and fill them in by hand—not all colleagues have good handwriting—and we then have to photocopy them if we want to keep a copy before sending them off. I would like to fill it in online, print it out, sign it and send it off, and then keep the file on the computer, but the present regime does not permit that. It is a small plea, and I am sure that it is not beyond the wit of man to enable that process to take place.

Of course, we have to be open and transparent, and accountable for the money that we spend. We were sent here originally to keep an eye on what the King spent on behalf of our constituents. That responsibility as custodians of the public purse remains and we should be doubly vigilant when the money goes through our own banks. But we were also sent here to hold the Government to account and to fight for our constituents, and our energies should not be diverted from that task by unnecessary bureaucratic procedures. I believe that the proposals before us give us the chance to strike a better balance.

2.22 pm

Dr. Tony Wright (Cannock Chase) (Lab): I fully expected to be on the losing side today. My understanding was that the dark forces on both sides of the House had conspired—*[Interruption.]* Well, my colleagues on both sides of the House had come together to persuade the Government to remove the House and Members of Parliament from the scrutiny of the Freedom of Information Act in relation to detailed spending. That was the proposal that we were to be presented with today, and because I have learned over the years that the dark forces normally get their way, I imagined that it would be carried. It is only because I thought that it would be carried that I suggested to a colleague we might try to recover the situation. I know that amendments have not been taken, but the point of our proposal was to say to people who had worries about the retrospective nature of the provisions that we could at least decide prospectively that we wanted to sign up to what the court has told us to do.

That situation will not arise, however, because we have returned to where we were. I am glad about that, and I am glad that we are now all on the same side. I am delighted to be able to support all these good and sensible proposals on increased audit and assurance and an expanded publication scheme. Unfortunately, however, we have to remember the history. It is to the great credit of the Government that they introduced the Freedom of Information Act. I remember the process well, as does the hon. Member for Somerton and Frome (Mr. Heath). It is to the great credit of the Government and the House that they decided to include Parliament in the Act's provisions. Most people thought that we should be in the vanguard of these matters. We speak a lot about accountability and transparency, and therefore it was felt that we should be central to the new provisions.

The problem is that, since then, large numbers of Members of Parliament have sought to extricate themselves from the onerous provisions that they passed. I can understand why they, we, I would want to do that. The implications of the Act can be extremely irritating. Newspapers can foment mischief and misinformation about what we spend money on. Our political opponents can use the Act simply to cause all kinds of trouble and to spread misinformation. All of that is true, and I have enormous sympathy with those who make such points, but the remedy is not to say that we should find a way in which, uniquely, Members of Parliament can be removed from the provisions.

I am afraid that people do not think that our system of allowances is robust enough. We know, if we are honest with ourselves—and this has been said by several hon. Members already today—that this was a disaster waiting to happen. We had a system of allowances that was open to manifold abuse. I do not know the extent to which it has been abused. I know that there has been a spectacular case of abuse, but there may be others that show the capacity for abuse. When the issue was tested to assess whether there should be more direct access to detailed accounts of MPs' expenditure, the Information Tribunal and courts were emphatic because of our tolerance of the deficiencies of the system.

Bob Spink: Will the hon. Gentleman give way?

Dr. Wright: I will in just a second. The tribunal said last year:

> "The ACA system"—

the additional costs allowance system—

> "is so deeply flawed, the shortfall in accountability so substantial, and the necessity of full disclosure so convincingly established, that only the most pressing privacy needs should in our view be permitted to prevail."

When the High Court went over the same set of issues, and was asked to do the same balancing exercise, it said in its judgment:

> "We have no doubt that the public interest is at stake. We are not here dealing with idle gossip or public curiosity about what in truth are trivialities. The expenditure of public money through the payment of MPs' salaries and allowances is a matter of direct and reasonable interest to taxpayers…they bear on public confidence in the operation of our democratic system at its very pinnacle, the House of Commons itself. The nature of the legitimate public interest engaged by these applications is obvious."

That is a coruscating verdict on a system that we have allowed to continue over the years. That is why I say that the abuses were waiting to happen.

Let us be clear: the effect of the withdrawal of the proposal overnight is that we are now back in the

[Dr. Tony Wright]

situation that the court judgment brought about. We are going to have an expanded publication scheme, and I welcome that. It is a good thing, but we are now also subject to the decision under FOI law that the details of our expenditure should be published. I am not sure whether this is an example of the dark forces still being dark, but there is clearly still a feeling among some hon. Members that if we can only agree to an expanded category of items to be published, we will somehow be able to extricate ourselves at the eleventh hour from the decisions that have made the publication of our expenditure inevitable. I say to those dark forces that that is not the case.

Those who have followed the Freedom of Information Act will know that the obligation to produce publication schemes is a quite separate arm of the Act from the testing of disclosure provisions in the public interest. There should be a good publication scheme, approved by the Information Commissioner, and I hope that ours will now be better. However, that will do nothing to satisfy the public interest test that is applied to disclosure. That test has been applied by both the tribunal and the court, and that is the situation in which we must live.

It was not entirely clear from the Leader of the House's answers where she believes that now leaves us. She must be honest and direct with the House and admit that it leaves us in the position that I have just described. It would be wholly unsatisfactory to have a hit-and-miss, ad hoc disclosure system. As hon. Members have said, we must all be systematically covered in the same way, so that information is released on a standard, properly redacted basis. That is what we have been told to do, and there is no escape from it and no eleventh-hour reprieve. The reprieve that Members thought would work for them has collapsed, and there is no other. It is now time to say that this is the world in which we live.

Mr. Gordon Prentice: I do not have any problem with the publication of receipts, but what about the proportionality that my friend the Member for City of York (Hugh Bayley) mentioned, as in the case of thousands and thousands of receipts from Ryman's? Does my Friend want us routinely to submit receipts from the Members' restaurant or the canteen? Would he insist on every single receipt being handed into the authorities, regardless of the value of the service purchased?

Dr. Wright: I am grateful to my hon. Friend. I think that any relevant receipt should be produced. My right hon. and learned Friend the Leader of the House described the elaborate, and I thought necessary, process that had been gone through to ensure that only relevant information will be published. That is what this whole exercise has been about.

Andrew Mackinlay: On proportionality, I suspect that like me, when he was first elected my hon. Friend was told by the Fees Office that he could not claim for newspapers. I remember expressing some surprise, because we do not just need the daily newspaper that anyone would buy. A tool of our trade, particularly on Sundays, is often the whole set of papers, but we could not claim for it. I recently discovered that that rule had been abrogated or allowed to drift, and that I had lost years of expenses. I wanted clarification in writing, and since then I have been keeping receipts for all my damn newspapers. I have not submitted them yet, but do we really want to have to get receipts for so many papers on a certain day?

It so happens that I cannot get newspapers delivered to my house, so I cannot get a weekly receipt. I just buy them when I need to. I suppose that this is a small point, although I am not sure whether it is over a period of years, but what is the answer to the problem of newspapers? *[Interruption.]* Well, my hon. Friend—

Madam Deputy Speaker (Sylvia Heal): Order. I think that the hon. Gentleman has made his point.

Dr. Wright: I apologise to my hon. Friend; I have not yet given enough thought to the newspaper question, but I shall now give it substantial thought. What I do know is the rubric that is to be contained in the instructions to us, which is simple and helpful: that we should not claim for anything about which we are not willing to be subjected to public scrutiny. It is a straightforward principle. If we claim for the right things, we have the answers to any queries that arise—whether about newspapers or anything else. As I said in an intervention on my hon. Friend the Member for City of York, although the extended publication scheme is welcome, I am worried that, if we continue to deal in aggregate figures, one could not discover a range of abuses that might exist. Given all that has happened, there is no alternative but to ensure that we put in place and believe in a system that will hound out any possible abuse, and discipline Members to ensure that it works.

There is an old adage that sunshine is the best disinfectant. We have not had sunshine and we have therefore needed disinfectant. People who believe that a little bit of sunshine now means that we can keep out much other scrutiny are wholly misguided. We live in a regime under which people can see in detail on what we spend money. There is no rowing back from that. I wish that my right hon. and learned Friend had simply said on behalf of the Government that that is the world in which we live and that we must make the best of it.

2.35 pm

Jo Swinson (East Dunbartonshire) (LD): I welcome the debate today and the generally constructive tone. I welcome the helpful proposals to improve accountability for our expenses and I especially welcome the withdrawal of the proposal to exempt Members of Parliament from freedom of information legislation.

I was very taken with the contribution of my hon. Friend the Member for Somerton and Frome (Mr. Heath), especially his call for us "to see ourselves as others see us." He may not know that that is a quote from a poem by Robert Burns, and it is all the more appropriate given that we will celebrate Burns night on Sunday. We should hold on to that pearl of wisdom throughout the debate.

We must admit that we have a problem with public perception. Survey after survey shows that members of the public tend to have a positive view of their Member of Parliament, but that their view of us collectively, as a breed of politicians, is much more negative. That is where many of the problems lie. The subject of Members' expenses has fuelled the negative perception. As has been said, it has been a vexed issue for many years.

It does not help that our expenses system is so poorly understood, and that the media have been less than helpful in sensationalising expenses. Indeed, the word "expenses" is misleading because in most jobs—certainly in jobs that I had before being elected—some of the items for which we claim would not necessarily count as expenses. For example, large headline figures of more than £100,000 are produced, but the vast majority of that money is spent on the salaries of our incredibly hard-working staff, who deal with constituents' concerns day in, day out. Constituents greatly appreciate that help and continually give excellent feedback about our staff. Those salaries make up most of our expenses, but what newspaper editor or managing director would include in their expenses the salaries of everybody who worked in their organisation?

John Bercow: The hon. Lady makes a powerful and important point. Does she agree that it is incumbent on us to explain what we, as Members, and the public are getting in return for those staffing budgets? To put it simply, if the sums available were much lower, the delays to constituents would be that much greater. Some of the vexatious complainants about the size of the allowances are precisely the same people who would grumble about the tardiness of our responses.

Jo Swinson: The hon. Gentleman is right. The service that our staff provide enables us to deal with, for example, the more than 3,000 constituency cases that the Leader of the House mentioned. That figure is not unusual for most Members. From speaking to Members who have been here much longer than me, I know that the volume of correspondence has increased hugely in recent years. Although e-mail is an excellent way in which people can communicate with their Members of Parliament, making communication easier means that the volume of correspondence increases and more support is required to handle the inquiries.

Many of our constituents mistakenly believe that the money comes directly to us and is paid into bank accounts, from which we pay out. We know that money comes directly to us for certain allowances, for example, the allowance for rent, only when we have submitted the claim and the receipt to show that we have already paid. As a new Member, with student debts, I suddenly had to pay deposits and found that cash flow was a bit of a problem in the first two weeks, so that is another misconception.

References to second homes can conjure up an image of a gravy train and of holiday homes, but the reality is that we get out of this place at 10 o'clock or 10.30 on Monday and Tuesday evenings and just about manage to get back to somewhere in London to put our head down and try to get a decent night's sleep before we come back here early the next morning. It is not exactly a glamorous lifestyle.

I absolutely love doing the job of Member of Parliament; it is a great privilege for me to represent the people of East Dunbartonshire. However, all of us in the House know that the job is far from easy. Spending half the week away from loved ones places strains on family life, and the huge amount of travelling takes its toll, resulting in tiredness and exhaustion. I want to make it very clear that, without the support of my excellent staff, without being able to travel regularly between my constituency in Scotland and Westminster, without having somewhere to stay when I am down here in London, and without the resources to pay for my office telephone bills, my stationery and my IT equipment, I would simply be unable to do the job of representing my constituents properly. That case is not often made, but it needs to be made.

I am in favour of transparency because I believe that, when people are presented with the mundane details of our toner cartridges and our telephone bills, the heat will go out of the issue. In the main, our constituents accept that we need to do our job, and that we need the resources to do it.

Mr. John Spellar (Warley) (Lab): Has that been the experience of the Scottish Parliament? How have the Scottish media treated the matter of its expenses?

Jo Swinson: I shall come to the issue of the Scottish Parliament in a moment. By and large, that has been the experience there, because, once everything is in the public domain, journalists get a bit bored with trying to write these stories.

Trying to hide the justifiable expenses that we claim in the process of doing our job is damaging the reputation of politics. It is also absolutely pointless. The way in which we are going is clear to see, and to try to hide the information is counterproductive. It fuels the public's negative perception of politicians and of the House.

Mrs. Ann Cryer (Keighley) (Lab): While the hon. Lady has been talking, I have been thinking about this. The seedier end of the press seems to be getting at those of us who are possibly the most diligent, because we use all of our staffing allowance to employ people. As the hon. Lady said, we do not see that money at all. The press will get on to us about that because it does not understand that that money does not pass through our pockets but goes directly to our staff. Also, those of us who go to our constituencies every week—I do, and I think that most of us do—have higher travel costs. If we go by train, our travel costs will perhaps be higher than if we went by car, although we could make a greater profit out of using a car. None of these things is taken into account. Last year, I was told by my local paper that I was the highest-spending MP in Bradford, because my train fares came to more than those of the other four MPs. There were all sorts of reasons for that, and they were only £20 more. So, this year, I have started to use my senior citizen's rail pass to reduce the amount of money that I am using—

Madam Deputy Speaker: Order. Interventions should be brief, and the hon. Lady has certainly made her point.

Jo Swinson: It was a very good point. At the other end of the spectrum, when I was first elected to the House, I was still able to use my young person's rail card, so my travel bills went up slightly after my first year as a Member of Parliament.

The hon. Lady has made a good point, and transparency should be our friend. We might not be able to guarantee

[Jo Swinson]

treatment that is always favourable or entirely fair from the media; I cannot promise that we would get such treatment. However, I believe that our constituents will, by and large, treat us fairly. They, at least, will be in a position to assess the situation, if they can see the travel claims and other expenses of the hon. Lady or any other Member. They know how hard their individual MP works, and they will be able to make their own judgment. This is about ensuring that people have the power to make those judgments. They know, from dealing with our staff, that there is always a well-staffed office—and they might be aware that one MP has higher staff costs than another—and they will be able to see the benefits of that. It will be up to our constituents to judge whether we, as MPs, are spending the taxpayer's money well. Transparency, then, is a good principle for us to adopt.

We heard earlier about the 26 categories that will now apply and debated whether every receipt should be published, which will also happen under freedom of information legislation. I accept the argument that perhaps if we had had a better publication regime before, we might not have reached the stage of the Information Commissioner's ruling that every receipt has to be published. But we are where we are, and we are now going to publish detailed receipts—1.2 million of them, as we have heard—so I would argue that it makes no sense to stop there. Once we have done this, we should have a system that enables us to do it on a regular basis, so that it is entirely transparent. We know that there will be freedom of information requests anyway, so rather than wait for them to come in, I believe that the House should be proactive and take that step.

In effect, what is the big deal? Yes, costs are attached, and the Leader of the House gave us a figure of £2 million earlier, but I am willing to bet that the public out there—who may or may not be listening to or watching this debate—would think that it was a price well worth paying for transparency in Parliament and for restoring some trust in our democracy.

We have had much discussion, some of it rather amusing, about whether what is proposed will be difficult to achieve, with all the redacting and so forth that will be required, but it is really not that complicated. The Scottish Parliament and the Welsh Assembly have both managed to follow such an arrangement for some time. Perhaps our officials could speak to their officials to work out the best, most civilised and reasonable way of proceeding. I quite like the example mentioned earlier of having a standard receipt form into which all the details could be put, perhaps online to save some of our staff's work and departmental resources, ensuring that receipts are tendered for the auditors to look at. There are lots of ways doing that and a streamlined system could be put in place while ensuring that all the information is in the public domain.

John Mann (Bassetlaw) (Lab): On the question of the cost and the 1.2 million figure for receipts, was the hon. Lady as surprised as I was that the costs went so high? Does it not seem that many costs are included in the calculation? If one were merely scanning in pieces of paper, the recurrent cost would, in fact, be extremely low.

Jo Swinson: Another point to be borne in mind is that presumably we are going back to 2004, which will include several years' worth of expenses. If these had been annual costs, one would not have expected them to be so high. As I say, I believe that the House will be able to take steps to collect the information in a more sensible way before publishing it, so that the process is made easier.

I very much agreed with the sentiments of the hon. Member for Cannock Chase (Dr. Wright) on the requirements for receipts. I would be in favour of having a zero limit on the requirement for receipts, as was initially recommended by the Members Estimate Committee. When I worked in business, that was standard practice. I understand that it might be a bit fiddly having to submit full receipts, but I think that the public would welcome it. If we are going to take a step towards transparency, we should go the whole way: we would have nothing to hide and the public would be aware of that fact. As we get it all into the open, it will just become routine.

I was asked earlier about the experience of the Scottish Parliament. Yes, if we proceed with the new arrangement, I am sure that journalists will still pick up on little stories. Let us think of some examples of what was reported in the Scottish press. One story was about an MSP who claimed for a pint of milk and a packet of tea bags for the office, but to be honest, I do not know what the story is in that. When I worked in an office, whoever nipped out to buy a new packet of tea bags or pot of coffee reclaimed the money from the petty cash when they returned and stuck the receipt in the petty cash tin. That is not a story. That is not scandalous. Frankly, if that is the worst that the newspapers can come up with, people will soon get bored; the press will not sell many papers by saying that tea and coffee are provided in MPs' offices.

The audit principle in the motions before us is also very good. I am delighted to see that the internal auditing will be more robust. More important, however, is the principle that external auditing has to be accepted. That is absolutely essential. Having each MP externally audited at least once in a Parliament is the right way forward.

Mr. Roger Williams (Brecon and Radnorshire) (LD): My hon. Friend has come to what I think is the most important point: the auditing, particularly the external auditing, of Members' claims, which provides protection for Members as much as for the public and the public purse. Members should look forward to it rather than be afraid of it. I say in passing that my hon. Friend might be a bit optimistic in thinking that full publication will somehow defuse the public interest in all this. The public interest will still be there, because some members of the public simply delight in these matters. I am nevertheless very much in favour of going ahead with the freedom of information proposals.

Jo Swinson: I am sure that there will still be great public interest in the issue, but I suspect that some of the more lurid and scandalous stories will be abated and that we will get rid of the perception that Members of Parliament are trying to hide something, which would be a very good thing indeed. My hon. Friend makes a good point about auditing giving Members a degree of protection. I believe that the opinion of most Members throughout has been that we want to ensure that we are doing things properly, but there has often been uncertainty and a lack of clarity about exactly what the right procedures are. It has been felt that it is somehow possible for Members to get into hot water even having stuck to the rules. As the hon. Member for Cannock Chase pointed out, a full transparency system has the advantage of enabling us to know that everything will be in the public domain, and a matter of judgment for our constituents.

What happens next? I had hoped to intervene on the Leader of the House to follow up our exchange last October, when I asked when our expenses would be published. Initially, they were to be published last autumn. The Leader of the House explained today in colourful detail some of the difficulties encountered in the preparation of the material for publication and some of the important security considerations involved. Perhaps the Deputy Leader of the House will enlighten us further when he winds up the debate. Now that we are aware of the scale of the task, how many people are working on it and how much more there is to be done, may we have a more accurate estimate of the expected date of publication, so that the public can be reassured that the process will not drag on indefinitely?

My final point relates to freedom of information legislation and to whom it applies. The one issue about which I still feel some concern is whether there is any prospect of further attempts in the House to exempt Members of Parliament from freedom of information legislation. I asked the Leader of the House that question earlier today, during business questions. The hon. Member for Vauxhall (Kate Hoey) and my hon. Friend the Member for Cheltenham (Martin Horwood) have also asked for assurances in that regard, but as yet none has been entirely forthcoming.

Earlier this week, media reports suggested that there had been some tentative agreement between the Labour and Conservative parties on exemption from freedom of information legislation, but that the relevant order had been withdrawn when the agreement collapsed. I hope that lessons will be learned from the events of this week, and that there will be no moves to create another such agreement and to return the proposal to the House.

Mr. Heath: I do not know whether my hon. Friend noticed that during the proceedings before the order was withdrawn it was submitted to another place, where it was examined by the Select Committee on the Merits of Statutory Instruments. The Committee reached what I gather is, in the language of the other place, the damning conclusion

"that it may imperfectly achieve its policy objectives."

I am told that that is the strongest criticism that the Committee makes against a statutory instrument, and some difficulty may be encountered in getting it through the other place even if some unpleasant collusion happens in this House.

Jo Swinson: We were saved by the other place from the Bill presented by the right hon. Member for Penrith and The Border (David Maclean). I hope that the other place will not be required to save us again, but if it is, what my hon. Friend has said may provide us with some reassurance.

It is in all our interests to deal with this issue, to put it behind us, and to get on with restoring public trust. I believe that the best way in which the House can do that is to go down the route of full transparency. I hope that notwithstanding the new categories that are being introduced, once the first tranche of freedom of information expenses have been published, the House will recognise that continuing that practice is the wise thing to do.

2.54 pm

Dr. Nick Palmer (Broxtowe) (Lab): So far, this has been a constructive debate. Both main Front-Bench speakers gave very helpful summaries of the position.

Like some other Members who have spoken, I am one of those who told the Whips that they were not prepared to support the Freedom of Information Act exemption, and it may be considered relevant that I would expect the same to happen if the issue arose again. The relationship between the House of Commons and the public is currently like a marriage that has almost broken down. One third of the public do not vote. Of those who do vote, a large number do so on the basis of choosing what they see as the lesser evil. They believe—we are clear that this belief is partly generated by mischievous press seeking to increase readership—that we have let them down on a series of occasions and that a significant number of Members are evading the spirit of the system. That may well not be the case, but the effect is that, like the partners in a marriage in trouble, we have to go further than would normally be necessary to reassure the other party—in this case, the general public—that their suspicions are no longer justified, if they were ever justified. As a result, a system of accounting for expenses that in an organisation where no particular concerns had arisen would be perfectly adequate is no longer adequate. In order to reassure the public, we cannot simply do the minimum that the courts appear to require. We have ostentatiously to go beyond what the courts require, to show that we are open beyond any question of doubt.

That point is of relevance to the discussion of what happens to receipts in future. It would be a pity if we went away today having resolved the question of all the pending receipts, but still unsure of what we were going to do about receipts submitted tomorrow morning. It would be helpful if the Deputy Leader of the House could reassure us that for the foreseeable future the intention of the House authorities is that if a valid Freedom of Information Act request is made for details of a Member's expenditure, they will be provided, with all the protection for privacy and security we assume always applies, even for quite normal freedom of information applications.

The problem is not money; it is trust. Very few of my constituents argue that we should not have the legitimate expenses—for second homes, and moderate costs for equipment and staff—that we receive. When I take those who are sceptical through the information point by point, almost every one of them says, "Well, yes, all right, that does seem reasonable. My problem is that people get around it." We do not, therefore, have to adopt a fanatical position and say that every tea bag used is a shameful misuse of public money. What we need to do is go to the point where no reasonable doubt remains, so that if people want to know what we spent money on that came from their pockets, they can find out.

[Dr. Nick Palmer]

There are two possible ways to do that. One is that on a regular basis we scan and publish every receipt on the internet. That seems to me to be a slightly exaggerated response. The alternative is that we provide the information to constituents and journalists on request, so that if a Member regularly has an unusually large furniture and fittings bill, a constituent—I think only the Member's own constituents should be able to do this—or journalists can inquire further and ask for a list of what was purchased. I anticipate that the average journalist, who also has limited time available, would not need to interrogate all 650 Members' individual expenses constantly, but would do the work when a query arose.

I take the suggestion made by the hon. Member for Somerton and Frome (Mr. Heath) that we might be able to do things more efficiently if the information were simply transferred to a blank sheet of paper, so that we knew that the furniture expenditure of the hon. Member for X included £175 on this and £43 on that, without having to scan and reproduce the original receipt. The Committee could reasonably examine that issue to work out the most efficient way of providing the information and short-circuiting much of the elaborate redacting process that has been necessary up to now.

The conclusion that we are reaching today is pretty healthy, in the sense that we have cross-party agreement, although there are small differences of emphasis, that what we need to do is provide detailed summaries, in the 26 categories, of our spending, and further detail as required. When we talk to the wider public about this, we need to accept a certain humility. There has been a sense of self-congratulation in parts of today's debate; people think that we have got this right and everything is perfect. I have contributed to that with my own comments, but we should qualify it by being aware that people are worried and sceptical and that what we are doing is providing necessary reassurance to ensure that they will no longer be worried and sceptical.

John Bercow: I agree with the hon. Gentleman that we need to display considerable humility in this matter, because our rectitude is forced and belated. Does he agree—this is pursuant to what the hon. Member for East Dunbartonshire (Jo Swinson) and others have said—that we should robustly defend, for example, the size of the staffing expenditure that some hon. Members have to incur, which is larger than that of others? Their expenditure is greater for one compelling reason: that such Members have—I, like others, must be honest about this—a very much larger case load and it has to be serviced. They should not be in any way embarrassed or defensive about the fact that their allowance claim is that much larger—it is in the public interest and in their constituents' interest.

Dr. Palmer: That is entirely right. As has been said, it might well be that this would be clearer for the public if staff were directly employed and if the money did not appear to go through our accounts—we know that in reality it does not. I would not be opposed to Members who can show that they have an exceptionally large case load making a case for additional staff. This is something for another day, but one can debate whether we should be involved in all the individual issues in which we are involved or whether some kind of local ombudsman might be able to take over some of these roles. As long as people see us as the court of appeal when they get stuck in any part of the administration, we have to be able to respond to that. We have to be honest in defending to people the fact that the expenditure is necessary, otherwise they will not get the help.

John Mann: I thank my hon. Friend for making this excellent contribution, but he may be in danger of drifting slightly away from that excellence. His constituents, like all our constituents, know how much he spends on staff; they have been able to see that information and make a judgment on it for a number of years. Is he inundated with letters, e-mails and phone calls every year about how much he spends on staff, or, like me, does he only receive commendations from people for work done and the occasional criticism when something has not been done quickly enough?

Dr. Palmer: I think the balance of feedback that most of us receive is positive, but every time our annual expenses are declared, the same point arises and we hear people say, "My God, you have £200,000 coming into your pocket."

John Mann: I do not.

Dr. Palmer: My hon. Friend is fortunate if no one says that to him. I have had it said to me, and when I have explained, people have been satisfied, but I suspect that there are some people who have not written to me and are sitting out there grumbling.

Bob Spink: The hon. Gentleman is making some excellent points. Would he like it to be on the record that some hon. Members have high staffing costs because, for example, a key member of their staff who has gone away to have a child must be paid for not working for a year, while someone else must be paid to do the job in their place? The Member's staffing allowance may be £20,000, £30,000 or £35,000 higher for that year.

Dr. Palmer: That is a good point. We have the temporary secretarial allowance to pay for a substitute for people who are ill or absent for other legitimate reasons. As the hon. Member for Buckingham (John Bercow) said, we must be prepared robustly to defend the necessity of the allowances so that we can do our job.

I take the point that was made earlier that we should come to one another's support if there is unreasonable nit-picking for partisan purposes. That is difficult during electioneering, but we could at least refrain from adding fuel to the flames when people are being unreasonably criticised.

Hugh Bayley: Is there not a danger of over-egging the pudding? A member of my staff was on maternity leave, and I was in precisely the position that the hon. Member for Castle Point (Bob Spink) described. In one year, a large five-figure sum was marked down as "other expenditure" and, understandably, the media wanted to know what it was. When I explained, no comment was made.

Dr. Palmer: That is right. We could have a profitable discussion with some of the voluntary websites that monitor us and generally do a good job—for example, TheyWorkForYou—about how information is presented so that it is as transparent as they and we wish it to be, and so that cases such as that described by the hon. Gentleman do not cause unnecessary public scepticism.

Despite kicking and screaming along the way, the House has arrived in the right place, and we have a system of allowances that we can defend collectively and with which we are prepared to be as transparent as anyone could reasonably expect. I support the motions, and I congratulate my colleagues on bringing them forward.

3.8 pm

Bob Spink (Castle Point) (Ind): It is a pleasure to follow the hon. Member for Broxtowe (Dr. Palmer).

I left the Chamber earlier to take a call from an excellent Canvey Island councillor, Peter May, who told me that, having worked together, we have today secured an offer of a decent home for a very vulnerable constituent. I could not have helped Councillor May to obtain such a result without the staffing, office and expenses made available to me as a Member of Parliament to do my job of helping my constituents and holding the Government to account.

It is obvious that the harder an MP works, the more he consults, communicates, holds surgeries and helps his constituents, and the more he travels between Westminster and his constituency—hon. Members whose constituencies are close to Westminster have more opportunity to travel daily to meetings in schools and in the evenings—the greater his or her costs will be. There is not necessarily any great credit in being a low-cost Member of Parliament—quite the opposite. In that respect, some of the newspapers have misrepresented the position of MPs and their expenses, and I hope that that will end. However, I will not hold my breath.

The motions are helpful and comprehensive. They will provide welcome transparency and standardise the publication of information. I also welcome the new and tighter Green Book.

The hon. Member for Rutland and Melton (Alan Duncan), speaking from the Conservative Front Bench, made an excellent speech. In fact, he showed a masterly touch despite having been in post for such a short time. He also displayed a lightness of touch, and I enjoyed what he said and how he said it. I congratulate him.

The hon. Gentleman told the House that in political life, one can do the decent thing, only for advantage to be taken of one. He is so right. I was a victim of that. When I resigned from the Tory party, it made baseless and rather nasty comments about my employment of my staff. I put that right, and the party paid heavily in court for that mischief. Category (d) in motion 2 refers to staffing expenditure. I voluntarily published details of my staffing expenditure before the arguments kicked off about the hon. Member for Old Bexley and Sidcup (Derek Conway) in February or March last year. I gave full details of my staff, who they were and what my relationship with them was, including my employment of my ex-wife, whom I had divorced five years earlier. I published their job specifications and their salary bands in detail, because I thought that the public had the right to know what use I was making of public money, but that information was misrepresented and used against me in an offensive and unfair manner. I was deeply angry about that, until of course the judgment, which left me in pocket on the matter.

I demanded that the House authorities perform a full audit of my staffing arrangements, including the three staff who had had accusations made against them. The House authorities resisted that demand at first, but in the end they agreed. The audit took about six months, and it was a backward-looking audit, unlike the instructions that the Conservative party gave its MPs—that they should clean up their act and publish information looking forward. That was deceitful, and they were pretending to be open and transparent when they were not. The audit examined a three-month period and found that the member of staff who was the principal victim of the accusations had, working from her home office, sent an average of 107 emails every working day, in addition to her responsibilities for the diary, snail mail, the telephone and other tasks.

The audit report was dated 7 October and confirmed to me that

> "your arrangements for the staff mentioned above"—

the three members of staff in question—

> "comply with the primary requirements of the Green Book set out on the first page of this letter.
>
> The Personnel Advice Service has also reported to me that all three of your staff appear committed, hard-working and possessing at this time the necessary skills and competences for the work undertaken."

It is my understanding that no other Member has had such a backward audit of their staff. I am delighted that I have had such an audit, although it would not have been necessary but for the mischief caused by others, who brought the House into disrepute as a result.

John Mann: I thank the hon. Gentleman for giving way and congratulate him on his speech. Has he received an apology from the Conservative Front Benchers for their actions?

Bob Spink: It is funny that the hon. Gentleman should mention that. Not only did I get every penny of my costs—[HON. MEMBERS: "How much?"] A very substantial—*[Interruption.]*

Madam Deputy Speaker: Order.

Bob Spink: I did receive a written apology, but I shall return to the subject of the debate.

The communications expenditure is covered under paragraph (2)(c) of motion 2. Questions come in from my constituency every week from vexatious people, as they do for other hon. Members, so I want to put it on record that although I did not need to have my publications checked, I have always had each one checked and approved before publishing them. I am happy about that, and I think that that system is essential to ensure that the public can have confidence that Members are not using the communications allowance improperly. I do not think that Members are.

Paragraph (2)(a)(ii) of motion 2 covers "office equipment and supplies". It would be helpful in the future to consider including petty cash in that category as an individual item. A Member can take up to £240 in petty cash during a year and that will need to be scrutinised.

[Bob Spink]

In fact, petty cash should be audited. Records of every penny going in and out should be kept in a petty cash book, as they are in my office, and it should be audited at least once in a Parliament. The public deserve to see what petty cash is going through Members' offices, too.

Paragraph (2)(b) covers the accommodation expenditure. I believe that service charges should be split from the reference to

"household costs…utilities, telecommunications, maintenance and repairs".

Service charges in London can be very high. They can amount to £2,000 or £3,000—or even £5,000 or £6,000—and that sum could be a blanket over any revealing information that the public may want to see to compare what Members are spending on utility bills. Separating out service charges would be a good idea, and I am grateful that the Leader of the House accepted that amendment in principle and thought it was a sound measure. I encourage her to bring it forward at some time in the future.

Let me move on to motion 5, which will set up a new Committee. The work involved is already being done in the House. I am sure that the new Committee will do it more formally but, essentially, as we heard earlier, the work proposed is the same as that which is being done. We have not been given a global sum for what the new Committee might cost. I think it might cost several tens of thousands—if not a few hundreds of thousands—of pounds each year. The House deserves to know what the Committee might cost.

In this economic climate, as everyone is tightening their belts and wondering whether they will have a job or a salary next year, why should we be giving one of our colleagues—even though I am sure that that colleague will be a good chap—an extra £14,000 Committee Chairman's salary for doing what is already being done free of charge? If the Deputy Leader of the House wants to intervene, I shall give way to him.

Chris Bryant: I was only sitting forward. The motion does not provide for the Chairman to be paid at all.

Bob Spink: I am grateful for that clarification. Is the Deputy Leader of the House confirming that that Committee Chairman will not receive a Select Committee Chairman's salary? I would be prepared to give way if he wished to clarify that point.

Chris Bryant: I will be winding up.

Bob Spink: I am grateful to the hon. Gentleman. I do not wish to go against the mood of the House or to be pernickety. That is not the point, but I think we must be careful about how the action that we take looks to the public. That is what this is all about.

I thank you for your patience, Madam Deputy Speaker. We should not fear transparency. We should welcome public scrutiny, but we should also expect the press to act responsibly. As one Labour Member said earlier—I forget who it was—we should make sure that we do not transgress by irresponsibly seeking to score political points against other hon. Members in a way that is unfair and brings this House into disrepute.

3.20 pm

Michael Jabez Foster (Hastings and Rye) (Lab): I think that members of the public who watch this debate should be satisfied with the fervour for openness expressed by every hon. Member who has spoken. The one thing about which we, as parliamentarians, have to be very careful is not to assume bad faith on the part of colleagues. It is very easy to do that for political purposes, and it may be that we can avoid that by ensuring greater openness in these matters than ever before.

My hon. Friend the Member for Cannock Chase (Dr. Wright) may have suggested that withdrawing the statutory instrument due to be debated today was somehow a sign of bad faith on the part of members of the Government Front Bench, but I think they have simply taken a pragmatic view. The statutory instrument was itself pragmatic, in the sense that it was designed to see whether some of the tensions could be resolved without giving way to those who wish to refuse disclosure.

As we heard earlier, exemptions from the Freedom of Information Act may yet be granted in respect of details that should be avoided, such as personal addresses. However, I think it was right to withdraw the statutory instrument, for the simple reason that it sent the wrong message.

The message that has been sent out today by hon. Members of all parties is that we want to offer the greatest possible openness to our constituents. The issue is how we can do that in the most pragmatic way, without hiding anything. I must say that I see a problem in putting every receipt on the internet, but I think that the price is one that we must be willing to pay.

As has been noted, such an approach will cost something like £3 million. Any savings will be minimal but I guess that that £3 million, if it satisfies the public that we are doing the right things, is something that we will have to accept. Moreover, as other colleagues have observed, it may not be a cost that is repeated as time goes by.

Like other hon. Members, I think we should be proud of what we do for the money that we get for supporting our constituents. Last year, as always and in common with another colleague, I made all my expenses clear to my constituents. I pointed out something that people often do not know, which is that it costs about £250,000 a year to keep an MP. That sum is made up of salary, pension contributions, the office costs allowance and so on, and it works out that keeping their MP costs everyone who lives in my constituency £2.50 a year, or 5p a week. Some people may say that I am not worth 5p, but no one in my constituency asked for their money back when they were offered it. I very much hope that that is indicative across the piece, and that most constituents regard their MPs as good value.

However, is it possible to satisfy requirements for openness without incurring even more cost to the public? I agree with my hon. Friend the Member for Broxtowe (Dr. Palmer), who said that we should ask our constituents what they want to know about their MP's expenditure. One of my constituents took me up on my offer to let him look at my books. He went through all the receipts for 2005-06 and 2004-05, after which he said that he was wholly satisfied and did not want to do any more. However, I said, "No, you've come here to see the last five years so you're going to sit there and do it." *[Interruption.]* Well, I let him off at 2001-02. But the truth is that if we as local parliamentarians are willing to open our books locally—we should be prepared to do so—the wider concerns might be not just appeased but somehow reduced.

My guess is that, whatever we do, the media have it in for us. There is no way we can wholly satisfy the media. Why? Because we are well paid; it is not a bad job; and we get relatively good support although we work extremely hard for it. The truth is that we earn above the average and we have a better standard of living than many—indeed, most—of our constituents. Whether we earn less here than we did in other jobs is irrelevant. The fact is that people think that we are well looked after and that our expenses are very generous, and all the rest of it. So I do not think that we can win the argument that we are somehow hard done by, but does it matter?

The truth is that our task is to do the best that we can for our constituents. We need our allowances to do that. If it costs something to open our books, although that may be a waste of money in the sense that it saves nothing, and if it satisfies the public that we really are the hon. Members that we call one another, it would be worth while, and motions before us today go in that direction.

3.26 pm

Sir Michael Spicer (West Worcestershire) (Con): I want to ask two very short questions of the Minister. Before doing so, may I apologise to the House for unavoidably not being present during the first part of the debate?

My first question concerns an appeal by a Member under the Green Book rules when he finds himself in disagreement with the finance officers. I very much approve of the Green Book—in fact, I am bound to do so, because I helped to draft some of it—which says:

> "If the issue is not resolved, the Member may ask the Finance and Services Committee to rule."

The Finance and Services Committee does not meet very often at the moment. I do not think that its Chairman particularly wants the onerous task that would be involved. Certainly, the 1922 committee and I believe very much that a Committee on Members' Allowances would be the right Committee to undertake that appeals task. I think that I am right in saying that the Government agree with that but have not so far found it possible to amend the Green Book to accommodate that view. I think that things were done in a bit of a hurry; those words were included to fill the gap. I hope that the Minister might be able to say something about that in his reply. I realise that he may be in some difficulty at the moment, because he may not have a settled policy on the mechanism, but would he tell us whether the Government intend to do that and, if so, how it is to be done and when—or at least let us know at a later date? I just wanted to flag up that issue.

My second question is perhaps even more difficult for the Minister. If someone does an FOI trawl as a result of the motions today, what advice is the Minister getting on the reaction of the courts, given that we will accept the motions and that we will have the Green Book, an audit system and much greater transparency? Is he getting any advice? Does he have any view, or even any hopes, on whether the courts would take a different view in the future than in the past, given the greater transparency and strictures that will be introduced by the motions? I should be grateful for answers to both those questions.

3.28 pm

Mr. Shailesh Vara (North-West Cambridgeshire) (Con): May I thank all hon. Members who have contributed to this afternoon's debate—all those who have made interventions, as well as all those Back Benchers who have made speeches? It is not usual when making a winding-up speech to compliment those who have opened the debate, but with your permission, Madam Deputy Speaker, I will make an exception to that because both opening speeches were excellent. I give credit to the Leader of the House not only for setting the right tone for the debate, but for the enormously generous time that she gave to all those hon. Members who wished to intervene on her speech. I also congratulate my hon. Friend the Member for Rutland and Melton (Alan Duncan) on his maiden speech in his new role as shadow Leader of the House. He, too, contributed enormously to making sure that the right tone was set.

The hon. Member for Cannock Chase (Dr. Wright), who is not in the Chamber, spoke of possible dark forces disrupting the debate, but I am pleased to say that as a result of the tone set by the two opening speeches, if there were any dark forces, they certainly did not see any light. We as an institution are all the better for it, as the public watch us while we debate this important issue.

This is a crucial debate that strikes at the very heart of trust and confidence in Members of Parliament. It has generated a fair amount of heat, both inside and outside Parliament. I hope that at the end of it, there will be a fair amount of light—light that leaves no doubt that we understand the public's deep distrust about the way in which we use taxpayers' money, light that makes it absolutely clear that we want greater transparency regarding our costs and allowances, and light that will convey the important message that the motions before us go some way to trying to restore the public confidence that the House so desperately needs, and the confidence that its servants need.

Let us be clear about one thing, though. Of course it is right that we should claim expenses to carry out our duties as Members of Parliament, and it is important that we should have a staffing allowance—a point referred to by my hon. Friend the Member for Buckingham (John Bercow). We should also be allowed to claim expenses for living away from home, travel and the like. We cannot have a system in which only the wealthy can afford to become Members of Parliament. That would be the consequence if we were not allowed to claim expenses and allowances.

It is important that we claim those expenses and allowances in a way that is transparent and seen to be transparent. Moreover, the processes that we use must be properly regulated, and must be seen to be properly regulated. That point was referred to by the hon. Members for East Dunbartonshire (Jo Swinson) and for Broxtowe (Dr. Palmer). The hon. Member for Somerton and Frome (Mr. Heath) made suggestions about the mechanics of disclosure, and I hope that those responsible for implementing the process will take note of what he said.

[Mr. Shailesh Vara]

We support the proposals to break down Members' expenditure into more categories, providing greater detail for the public and clarity on what Members spend their allowances on. Moreover, we support the new version of the Green Book; the guiding principles, derived from the code of conduct for Members of Parliament, underpin the spirit of the expenses and allowances regime. The hon. Member for City of York (Hugh Bayley) referred to one of those principles when he spoke of the necessary expenditure principle.

It is right that the book should be brought more up to date—for example, by ensuring proper reference to "civil partners" alongside the usual reference to "spouses." The public will also be pleased to see the proposals for better auditing and assurance. The two-pronged approach being taken—on the one hand by the National Audit Office, and on the other through internal audit, carried out by the House's auditors in conjunction with a team from PricewaterhouseCoopers—should lead to greater thoroughness in policing how we spend taxpayers' money.

I accept that some Members have concerns about the financial proportionality of the audit proposals, expressing the view that the cost of carrying out such a detailed scrutiny of expenses is far in excess of possible risks of abuse. It is fair to say that increasing the rigour of the audit regime will mean an increase in costs, but we must not consider that in isolation. We must also consider the need to restore the reputation of the House—a point touched on by the hon. Member for Hastings and Rye (Michael Jabez Foster). With that in mind, I believe that there is proportionality and proper balance as regards costs and the end results.

The motion proposes that the Advisory Panel on Members' Allowances, which meets in private monthly and advises the Speaker and the Members Estimate Committee, be replaced by a new Select Committee on Members' Allowances. That Select Committee, with all the powers that it would have, would certainly help demonstrate to the public the importance that we place on the subject—again, it is a move in the right direction.

On the other measures put before us, I should say that my right hon. Friend the Member for North-West Hampshire (Sir George Young) made a valid point about the possibility of work duplication. If the proposals are passed today, and I hope and expect that they will be, that will need to be looked into. It is always a pleasure to hear my right hon. Friend's contributions; his quality and experience only add to the general quality of the debate. My hon. Friend the Member for West Worcestershire (Sir Michael Spicer) raised two questions, and I hope that the Deputy Leader of the House takes those on board; I look forward to hearing what he has to say.

It cannot be right that we expect public bodies, individuals and other organisations to have levels of transparency and openness higher than our own. It cannot be right for there to be one set of rules for the public and another for us, or for us not to make the necessary changes to bring our own standards of audit and transparency into line with 21st-century best practice.

Dr. Julian Lewis: I entirely endorse the point that my hon. Friend has just made, but will he take this opportunity to put one thing, which has involved the public being misled by the press, on the record? Not everybody in a senior position paid from the public purse has a publication regime that extends down to individual receipts. That has not been made sufficiently clear. The question is whether we have a sufficiently rigorous auditing process, and that is what we are achieving today.

Mr. Vara: I agree with my hon. Friend, and the issue will certainly become clearer as the procedures are put in place. I should also say that the vast majority of Members claim their expenses properly and legitimately; we are where we are because of a tiny minority. It is important for the public to recognise that we have a duty to our constituents and the country, and that we claim money to allow us to do our duties properly.

We must subject ourselves to the same sort of regime that we expect to apply to others. Our procedures must be easy to understand and unambiguous; they must inspire confidence rather than derision from the public. The importance of this debate must not be underestimated by anyone here today. Nor should we underestimate the strength of feeling that there will be among the public and media if we do not accept the motions today. Accepting them will be a positive step in trying to restore the House's reputation. I urge all Members to support them.

3.38 pm

The Deputy Leader of the House of Commons (Chris Bryant): The hon. Member for North-West Cambridgeshire (Mr. Vara) complimented the hon. Member for Rutland and Melton (Alan Duncan) and my right hon. and learned Friend the Leader of the House of Commons, the two main Front-Bench spokesmen, and I would like to compliment him in turn on his important speech. He raised one issue around which the whole House can unite—if there were no means of meeting our legitimate expenditure from the public purse, only the wealthy could afford to be Members of Parliament. That would be wholly inappropriate.

That point is brought home to me particularly by the fact that a friend of mine, a member of Rhondda Labour party, has a letter written by William Abraham, Rhondda's first Member of Parliament; he was known as "Mabon". He was a great figure, who sat for many years in the 19th and 20th centuries. The letter is to the trade unions in the Rhondda, thanking them for paying his expenses while he was living in London as their Member of Parliament; it was before Members were even paid. The issue has been around for more than 100 years. It is only because trade unions were prepared to meet the legitimate expenses of the person who had to come from the Rhondda up to London that the area ever had representation at all. The issue that that raises needs to be at the forefront of our minds.

I will deal first with issues to do with the publication scheme. It is a delight to have back the hon. Member for Somerton and Frome (Mr. Heath). He is a more substantial figure, at least physically, than his predecessor, and he can match him word for word. [HON. MEMBERS: "Oh!"] I am sorry—I am being somewhat cruel.

The hon. Gentleman suggested that it would be perverse for us to introduce this publication scheme because it would mean that we would end up with two such schemes. He asked, as did the hon. Member for West Worcestershire (Sir Michael Spicer), about the legal advice. Nothing that we are considering today changes the legal obligations that are on the House authorities as the data holders. It is for them to comply with the legal obligations on them, which are to disclose information down to receipt level—I use the phrase "down to receipt level" precisely; it does not necessarily mean receipts—and they will do that. The publication scheme that we have brought to the House will give the public the information they need in a form they will find useful. It is with that in mind that we proposed it, not as an alternative way of meeting our legal obligations. The publication scheme is different from the publication of redacted receipts. It will provide information in a form that shows, across headings and over the years, information that will be useful to the public. Indeed, many people may find it a more useful way of looking at it than other ways.

Michael Jabez Foster: For clarification, what does "down to receipt level" mean, if it does not include receipts?

Chris Bryant: It is for the House authorities to comply precisely with what is required of them under law, and that means that they will publish receipts. I hope that that answers my hon. Friend's question.

The hon. Member for Rutland and Melton, whom we all welcome to his new responsibilities, referred to his oil bills—as opposed to his oil payments. That resonates with me because there is no gas in my home either; I have oil as well. He asked about the categories. If he took a bit more time to read the motion, he would note that it says:

> "The Committee on Members' Allowances shall keep the categories listed in paragraph (2) above under review and may modify them from time to time as the committee may"

feel appropriate. The hon. Member for Castle Point (Bob Spink) also asked about precisely what categories we have. We do not want to fix our mind for ever, and that is why we tabled the motion as we did.

The hon. Member for Rutland and Melton asked whether we would charge for information. I do not think that the House should charge, and we have no plans to do so, although in the end it will be up to the House authorities to make that decision. He referred to receipts going back to 2005. The motion relates to 2005—the year of the last general election—onwards because it seemed a bit odd to have a publication scheme for people who are no longer Members of this House. In fact, the House has information going back to 2004-05, so that is also part of the legal obligation on the House authorities.

My hon. Friend the Member for Cannock Chase (Dr. Wright) referred to dark forces, as did the hon. Member for North-West Cambridgeshire. I thought that that was a slightly unfortunate phrase, because I honestly do not believe that there are dark forces in this House, merely differences of view about how we should progress on this issue. He cast a rather dark perspective on the debate, so I am not moving forward with him on that.

The hon. Member for East Dunbartonshire (Jo Swinson)—to whom I was very rude in the Adjournment debate before Christmas, for which I do not apologise—asked when the process that the House authorities are going through will be completed. My right hon. Friend the Leader of the House said, rightly, that there is a hope and an expectation that we will be able to turn around within a month the business of when this is given to hon. Members and they can confirm it. I know that some hon. Members have had to go through a similar process for freedom of information requests, quite separately, and it has taken three months for the process to be agreed because of internal disputes.

Dan Norris (Wansdyke) (Lab): As one of the hon. Members who has been through that process, I confirm that it does take a long time—much longer than a month would allow. I hope that my hon. Friend will revisit that process. It is like a game of ping-pong. We give information to the people in question and they carry out the changes that we hope they are meant to carry out. Sometimes they miss them, and it is necessary to check the details again, and then we often see things that we did not notice at first, such as an address, or postcodes on receipts that companies include in the reference number. It is a complicated and time-consuming process.

Chris Bryant: I hear what my hon. Friend says. Obviously it is in everyone's interest—that of all Members, and the public—that we do things as swiftly and accurately as possible, and I know that that is what the House wants.

Jo Swinson: I would just like a slight clarification. I appreciate that there is a degree of uncertainty about how long it will take Members to deal with the information. Do we have a rough idea of when Members will get that information so that they can start looking at it—what month they might receive it in, for example?

Chris Bryant: I do not have that information, I am afraid, and it is a matter for the House authorities. They are the data holders, and they have to progress the process.

My hon. Friends the Members for Broxtowe (Dr. Palmer) and for Hastings and Rye (Michael Jabez Foster) made strong speeches in favour of transparency, and everyone in the House shares their concern to ensure that we have an adequate level of transparency that meets the public need.

I now come to several matters relating to the new Committee. The membership of the Committee will be a matter for the political parties in the usual way, as is the case for all Committees of the House, and for the Committee of Selection. It is important that we acknowledge that there will be no Government majority on the Committee, which is why it has eight members, putting it virtually in parallel with the Committee on Standards and Privileges. It is important, as the Leader of the House said, that we do not bypass the Committee on Standards and Privileges. Nothing that we are saying today bypasses it, or obviates its role.

It is also important, as several hon. Members have said, that we have a robust audit. Everyone has said that the new system of audit we introduce will be substantially more robust than that of the past. It will be risk-based and it will ensure that wherever there is an element of risk, a proper audit is done so that the public can be assured of value for money. My hon. Friend the Member for Vale of York—[HON. MEMBERS: "City of York"]

[Chris Bryant]

Sorry, my hon. Friend the Member for City of York (Hugh Bayley)—quite a different person. He dresses quite differently.

My hon. Friend made an important point, and I hope that hon. Members will bear with me on this, about the fundamental principles that underlie the claiming of all expenses. He read out only one of the fundamental principles in the new Green Book, but the others are important and should be referred to directly:

> "Claims should be above reproach and must reflect actual usage of the resources being claimed…Allowances are reimbursed only for the purpose of a Member carrying out his or her parliamentary duties; claims cannot relate to party political activity of any sort, nor must any claim provide a benefit to a party political organisation; it is not permissible for a Member to claim under any parliamentary allowance for anything that the Member is claiming from any other source; Members must ensure that claims do not give rise to, or give the appearance of giving rise to, an improper personal financial benefit to themselves or anyone else; Members are committed to openness about what expenditure has been incurred and for what purposes; individual Members take personal responsibility for all expenses incurred, for making claims and for keeping records, even if the administration of claims is delegated by them to others; the requirement of ensuring value for money is central in claiming for accommodation, goods or services—Members should avoid purchases which could be seen as extravagant or luxurious; claims must be supported by documentary evidence".

I believe that those are the principles to which the whole House must hold firm.

Hugh Bayley: Like other hon. Members, I subscribe to those principles, but I argued that if we published expenditure on fixtures, fittings and furnishings in aggregate, we would not have the openness that is required. It is stated that Members

> "are committed to openness about what expenditure has been incurred and for what purposes".

Will my hon. Friend comment on the need in come cases to provide information that goes beyond the 26 specified categories?

Chris Bryant: I hope that my hon. Friend's mind can be put at rest, because the House authorities will be publishing receipts going back to 2004, so the issue is firmly dealt with. He suggested that somebody might be claiming for a television costing £1,500, and that that claim might have been met by the House. I think that that is a red herring, because I do not think that the House would meet that claim under the old or new scheme, and quite rightly so.

Dr. Julian Lewis: In that area of debate, may I flag up a matter that I thought was extremely unfair to the right hon. Member for Derby, South (Margaret Beckett)? She put in a claim in relation to her accommodation for something to do with her garden. The claim was turned down, yet the information that she had tried to get it but been refused was released, much to the joy of the press, who proceeded to criticise her for having asked. Surely what should be revealed is the expenses that are granted. It should not be revealed if somebody asks whether they can claim for something, is told that it is not appropriate and says, "Fine, I will let it go." That situation was most unfair to the right hon. Lady.

Chris Bryant: That specific issue is a matter for the House authorities, both as the data holder and as the body that did not pay the original claim. However, the public expect us to provide a clear set of rules that mean that such things are not in doubt.

Several hon. Members have, in one way or another, asked whether we should be moaning about the situation in which we find ourselves. The hon. Member for East Dunbartonshire (Jo Swinson) referred to how it often feels unfair to us that certain expenditure is referred to as our expenses, particularly given that the largest figure in our annual expenditure is staffing costs. Perhaps 50 years ago, when an MP might have visited their constituency twice a year, and the band played when they got there and played even louder when they left, they were able to survive without staffing. Today, the understandable expectation is that Members will be able to respond to letters, e-mails and every other form of inquiry very swiftly. I know that all hon. Members try to do that, and we would not be able to do it without our staffing expenditure.

I remember setting up my office when I was first elected in 2001. Buying desks for my staff was quite an expensive business, and at the end of the year I had to pay a very significant tax bill for that benefit, even though it did not particularly feel like a benefit to me. It felt like a benefit to my staff.

My hon. Friend the Member for Keighley (Mrs. Cryer) mentioned the fact that journalists might inadvertently, or perhaps advertently, tend to criticise the most diligent Members by attacking those who use their allowances to the full to provide a swift and effective service to their constituents. The hon. Member for Castle Point seemed to suggest that we should invert the list when considering Members' effectiveness, and that the cheapest MPs are the least diligent. I do not know whether anybody would want to go that far, but nearly all MPs now seek to do a job that is entirely different from the one that was done 30 years ago. That is why it is important that we have a completely different structure of Members' allowances and expenditure.

Every MP and every constituency is completely different, with different competing needs. In my constituency, very few housing-related issues arise because more than 80 per cent. of my constituents live in their own home, but many issues of miners' compensation arise. Other MPs have a completely different pattern of issues coming to them.

I do not believe that we should moan about the situation that we find ourselves in. As several hon. Members said, it is a great privilege to sit in this House and represent our constituents. Nor, however, should we be ashamed about the expenditure that we wholly legitimately incur.

When I was elected, there was no transparency about Members' expenditure. There was no audit and there were no rules, or minimal rules, and that was in 2001. Indeed, when I rang the Fees Office and asked what to do about my additional costs allowance, I was told to divide it in 12 and submit a form. I chose not to do that but to submit receipts. We have moved forward, and that is vital.

I believe that we are taking significant additional steps forward: through tougher rules on contracts to ensure that all employees are doing the job that they are meant to do, and on receipts to ensure that people are claiming what they are meant to claim, and through a robust independent audit, introducing the National Audit Office into the running of our finances for the first time and enabling it to do a full-scale audit. We are also providing for far greater transparency through the publication scheme and what the House authorities will do in future.

Again, I welcome the hon. Member for Rutland and Melton to his new post. We have already heard about the man to man chats between the Home Secretary and the Leader of the House.

Sir Michael Spicer: Will the Deputy Leader of the House answer the question about appeals?

Chris Bryant: I am sorry, I forgot to mention that. As the chairman of the 1922 committee said, the Green Book states, as the Members Estimate Committee agreed, that appeals should go to the Finance and Services Committee. There is a slight element of uncertainty because the Members Estimate Committee relates to the Members' estimate, which includes Members' allowances, whereas the Finance and Services Committee has always referred to the administration estimate, which is different. We may want to revert to the subject, but we are not trying to change that today.

I look forward to many man to man chats, and I hope that all hon. Members will support the package of motions that we are considering.

Question put and agreed to.

Resolved,

(1) That, subject to the provisions of paragraph (2) below, for the purpose of the publication scheme adopted and maintained by the House under section 19 of the Freedom of Information Act 2000, such information about payments made to, or on behalf of, hon. Members which is already published routinely in accordance with the scheme shall continue to be published;

(2) In addition, information relating to Members' expenditure from the beginning of the current Parliament shall be published in relation to each financial year, to the extent that such information is separately identifiable, under the following categories:

(a) Administrative and Office Expenditure:
  (i) accommodation costs for offices, surgeries, etc;
  (ii) office equipment and supplies;
  (iii) telephones and other telecommunications;
  (iv) professional fees and charges;
  (v) agency and other staff costs;
  (vi) travel costs;
  (vii) utilities;
(b) Personal Additional Accommodation Expenditure:
  (i) mortgage interest;
  (ii) rent;
  (iii) hotel costs;
  (iv) council tax;
  (v) fixtures, fittings and furnishings;
  (vi) subsistence;
  (vii) other household costs, including service charges, utilities, telecommunications, maintenance and repairs;
(c) Communications Expenditure:
  (i) websites;
  (ii) reports and surveys;
  (iii) delivery charges, postage and stationery;
  (iv) advertising;
  (v) equipment;
(d) Staffing Expenditure;
(e) Travel Expenditure in relation to travel by Members:
  (i) car, including third party vehicle rental and mileage;
  (ii) rail;
  (iii) air;
  (iv) other UK and European travel;
(f) Resettlement Grant;
(g) Winding-up Expenditure;

(3) The Committee on Members' Allowances shall keep the categories listed in paragraph (2) above under review and may modify them from time to time as the committee may think necessary or desirable in the interests of clarity, consistency, accountability and effective administration, and conformity with current circumstances.

MEMBERS' ALLOWANCES (GREEN BOOK)

Resolved,

That this House approves the Guide to Members' Allowances (the Green Book), published as Annex 1 to the First Report of the House of Commons Members Estimate Committee (House of Commons Paper No. 142) and endorses the Principles set out in Part 1 of the Green Book as the basis for all claims made by Members;

That the rules set out in the Green Book shall govern all expenditure on Members' allowances with respect to all claims for expenditure arising on or after 1 April 2009;

That the Members Estimate Committee shall carry out a review of the provisions of the resolutions of this House relating to such expenditure, make such modifications to them as are necessary to ensure that they are consistent with the provisions in the Green Book, and report to the House; and

That this House thanks Ms Kay Carberry CBE, nominated by the Trades Union Congress, and Mr Keith Bradford, nominated by the Confederation of British Industry, for having acted as the Speaker's external appointees to the Advisory Panel on Members' Allowances.—*(Ms Harman.)*

MEMBERS' ALLOWANCES (AUDIT AND ASSURANCE)

Resolved,

That this House approves the arrangements for the audit and assurance of Members' allowances set out in the report of the Members Estimate Audit Committee to the House of Commons Members Estimate Committee, published as Annex 3 to the First Report of the House of Commons Members Estimate Committee (House of Commons Paper No. 142).—*(Ms Harman.)*

COMMITTEE ON MEMBERS' ALLOWANCES

Resolved,

That the following new Standing Order and amendments to the Standing Orders and Resolutions of the House be made:

A. New Standing Order

(1) There shall be a select committee, called the Committee on Members' Allowances,

(a) to advise the House of Commons Members Estimate Committee on the discharge of its functions; and
(b) to advise the Speaker, the Members Estimate Committee and the Leader of the House on the potential development of the arrangements made by or under the Resolutions in force from time to time regarding Members' allowances &c;

(2) The committee shall consist of eight members;

(3) Unless the House otherwise orders, each Member nominated to the committee shall continue to be a member of it for the remainder of the Parliament;

(4) The committee shall have power to send for persons, papers and records, to sit notwithstanding any adjournment of the House, to appoint specialist advisers and to report from time to time.

B. Amendment to Standing Order No. 152D

In Standing Order No. 152D, leave out lines 23 to 25;

C. Amendment to the Resolution of the House of 5 July 2001: Members' Allowances, Insurance &c.

Paragraph (5) of the Resolution of the House of 5 July 2001 relating to Members' Allowances, Insurance &c. shall cease to have effect.—*(Ms Harman.)*

Ministerial Answers to Parliamentary Questions

Motion made, and Question proposed, That this House do now adjourn—*(Chris Mole.)*

3.58 pm

Norman Baker (Lewes) (LD): I am grateful not only for the opportunity to raise an important matter, but for the elongated time in which to do so, although I assure the Deputy Leader of the House that I do not intend to filibuster. If I had any such intention, I would have filibustered on the previous item of business.

I raise the matter in a spirit that may sometimes be critical, but which is also intended to be constructive, as I hope the Deputy Leader of the House will accept. Let me take him back to 1997, when the Labour party assumed office. At that time, there was revulsion in the country at some of the unsatisfactory and unwelcome practices and the unnecessary secrecy that occurred under the previous Government. The revulsion against that method of government was no small contributor to the significant majority that Labour enjoyed in 1997, or indeed to the significant increase in the number of seats that the Liberal Democrats gained at that time.

As a reaction, after that seminal election, we saw the introduction of a more open method of government. We saw, for example, the introduction of the Freedom of Information Act 2000, and the amendment of practices relating to parliamentary questions. A small example relates to the number of questions that can legitimately be denied an answer on the basis of commercial confidentiality. An analysis of the number of times that that reason was used under the Conservatives before 1997 can be demonstrated by a steadily rising graph, but that graph drops dramatically after 1997 when the Minister's Government came to power. I have to say, however, that the graph has subsequently risen to the level that it had reached under the Conservatives. It is difficult to imagine that there were fewer matters of commercial confidentiality in 1998 than at any other point, and there is rightly a suspicion that the number of times when that excuse, or reason, for not giving a full answer has been given is related not simply to the existence of commercial confidentiality but to the difficulty or expediency involved in not giving an answer for political reasons.

Similarly, the Minister will know that another reason for not answering a question is that to do so would incur disproportionate cost. That is a perfectly legitimate reason when properly deployed. However, it was over-deployed and misused under the previous Conservative regime. When I was a researcher in this place, back in the late 1980s and early 1990s, I recall that one Labour MP, who was fed up with that particular excuse being used by the then Prime Minister, Mrs. Thatcher, asked her on how many occasions in the previous 12 months she had answered a question using the formula, "This question could be answered only at disproportionate cost." She answered: "This question could be answered only at disproportionate cost."

The Deputy Leader of the House of Commons (Chris Bryant): She had a sense of humour, then.

Norman Baker: Well, someone in No. 10 had a sense of humour at that time.

The issue of openness is crucial for democracy. We touched on it in the previous debate about MPs' expenses. After all my years in politics, both nationally and in local councils, my strong view is that being open and accountable for our actions is not only a requirement for all of us but also leads to better government. It is in the interests of the ruling party or parties for there to be openness. Sometimes, it does not seem that way, but in the medium to long term, that is undoubtedly the case.

I am sorry to say that, over the past 11 years, there has been some slippage in that openness, accountability and willingness to answer questions frankly. I suspect that that is not unusual in a Government. The longer they are in power, the more they feel responsible for themselves and the more they feel an obligation to hide things. It is perhaps a human reaction, but it is also a wrong reaction, because once they hide something, they then have to hide the fact that they have hidden it, and there begins a vicious circle that can end up with a Government becoming defensive and not releasing information that should properly in the public domain, even though they had started out in a different vein. As the Minister will know, some of the most damaging stories about a Government, of whatever colour, relate not to what has been concealed but to the fact that it has been concealed. I suggest to him, in the abstract, that being open is in the interests of the Government as well as of the public and of the country.

Unfortunately, we are seeing a trend, in that questions that would previously have been answered are no longer being answered. In about 1998, I asked the former Department of Transport—or perhaps it was the Department of Energy, in those days—about the carriage of radioactive material by air. I asked how many flights carried radioactive material, and I was given a specific figure. When I asked that question again recently, I was told that those figures were not collected. I cannot believe that in the past 10 years, the Government have decided not to collect those figures, but that is what I was told.

The answers to questions can be misleading. A Plaid Cymru Member in the previous Parliament asked how much nuclear waste was carried by air, and he was told that none was carried in that way. When he mentioned that to me, expressing his surprise, I told him that I happened to know the trick: he needed to ask about spent nuclear fuel. If he had asked about that, he would have had a rather different answer. It was quite clear that he was asking that question for the purpose of determining the safety and environmental implications of carrying such materials by air. The answer that he was given might have been technically correct, but it was totally misleading. I do not believe that that is a proper way to proceed.

Back in 24 April 1998 and on this very spot, I held an Adjournment debate entitled "The Prime Minister's Press Office". It was a Friday afternoon—I remember it very well, because the House was empty and the Press Gallery was full—and it was about the activities of Mr. Alastair Campbell. I suggest to the Minister, with all due humility, that that debate—what I said as well as what was said in response on behalf of the Government—makes quite interesting reading today. I said on that occasion that just because the Government have levers available to pull, and just because they have people who are very good at pulling levers—as they did that year with Alastair Campbell; he was exceptionally good at his job, whatever one thinks of him—it did not mean that it was in the interests of the country to pull that lever as far as it would go. Neither was it in the interests of the Government to do so. I said that the Government have to exercise some self-restraint and sometimes have to accept that information needs to be released, even though it is not in the short-term interests of the Government to do so. That is part of the democratic system. If we move away from that, we will be in some difficulty. There are examples, I am afraid, where we have moved away from that, although there are also examples of good practice to set against it.

The principles of freedom of information, which the Minister and his party accepted in passing the Freedom of Information Act 2000, include the public's having a right to information about the activities of public bodies, most notably the Government and their agencies, along with local councils and other such bodies. That was a sea change brought in by the Government, which I very much welcome. By definition, the Government also accept that material that the public had a right to should be released, irrespective of whether the Government wanted it to be kept secret, if the reasons for doing so were not ones specifically set out in the 2000 Act relating to matters of national security and so forth. In other words, the Government accepted the principle that material would be released as a right, even if it were harmful to the Government's own political interests. That was a very brave and correct thing to do. However, it does not seem to me that the principle in that Act has been followed through in the practices of all Ministers when they answer parliamentary questions.

I would be pleased if the Minister were kind enough to answer one particular question, which is whether for legal purposes Ministers regard parliamentary questions as effectively freedom of information requests. In other words, do they make the same assessment of whether information should be released as they would have if the information had been requested in a freedom of information request? Alternatively, are MPs entitled to more information in their parliamentary answers than such requests would generate—or, indeed, less? What is the exact relationship between a freedom of information request and a parliamentary answer?

As I said, there are examples of good practice as well as bad practice in government. I am not attempting to smear every Government with the same brush. I refer the Minister back to a question I asked in 2001 that received considerable coverage at the time. I asked the Home Secretary

> "what representations he has received on the applications by G. P. Hinduja and S. P. Hinduja for British citizenship"—[*Official Report*, 18 January 2001; Vol. 361, c. 351W.]

from the Member representing Hartlepool at the time—now Lord Mandelson. That question was answered properly and in full by the Home Office Minister at the time—under instructions, it turned out, from the present Justice Secretary. At least partly as a consequence, the then Member for Hartlepool had to resign his ministerial office. If I asked such a question in similar circumstances today, I just wonder whether the answer would be as full and open as that one was, or whether some formula would be applied to prevent the information—legitimately asked for and provided on that occasion—from coming out. I hope the Minister can assure me that it would, but I am going on to explain why I believe such answers are not being provided these days in the same way.

I said that there is a patchwork of answers across government in terms of ministerial responses. That is quite true. Let me say that the present Justice Secretary, for example, has always been absolutely straight down the line, whatever Department he is representing, about answering parliamentary questions, irrespective of whether they are detrimental in the short term to the Government. He regards it as his duty to provide answers to parliamentary questions, and I pay tribute to him for it.

Some Departments regularly produce proper information. During my time in the House I have found that the Ministry of Defence, for example, has almost invariably provided proper answers to parliamentary questions, and, on the occasions when it has not done so, has correctly stated why the answers cannot be provided in the form that the Member has requested. I consider it a proper way of dealing with things to explain why answers cannot be provided, if that is the case—for reasons of commercial confidentiality, for instance, or because an answer might threaten relations with another country. There are legitimate reasons why answers sometimes cannot be given and, as I have said, the Ministry of Defence generally either answers questions in full or gives the responses that I have described. So there is good practice in Government but, I am sorry to say, there is also bad practice and that, unfortunately, is the nub of the issue.

The worst practice, I am afraid, relates to the Prime Minister, and to the answers that he signs off to parliamentary written questions addressed to him. I should like to think that the Prime Minister was not personally responsible. I should like to think that it was a matter for the spotty apparatchiks who occupy the back of No. 10 and draft the answers for him.

Chris Bryant: They are not spotty.

Norman Baker: The Minister says they are not spotty; presumably that means that they are indeed apparatchiks.

I should like to think that the Prime Minister was not primarily responsible—after all, he is a very busy man—and that he merely signed the answers off. However, I received a straight answer when I asked the Prime Minister

> "whether it is his practice personally to approve replies to written parliamentary answers in his name."—[*Official Report*, 24 April 2006; Vol. 445, c. 922W.]

The Prime Minister gave the very clear one-word answer "Yes." We must therefore assume that he does accept responsibility for parliamentary answers in his name.

The Minister may be interested to know that I have produced a little dossier for him. I will hand him a copy at the end of the debate. It is entitled "Why won't the Prime Minister Answer the Question?" I hope that that is a question that the Minister, at least, will answer.

The ministerial code, published in July 2007, states:

> "Holders of public office should be as open as possible about all the decisions and actions that they take. They should give reasons for their decisions and restrict information only when the wider public interest clearly demands."

There is nothing wrong with that: it is a perfectly proper policy to set out and adhere to. Of course, if we do not

[Norman Baker]

like the way in which Ministers respond, we can complain to the person who enforces the ministerial code—but, unfortunately, that is the Prime Minister as well. I am not sure to whom one should complain if the Prime Minister is interpreting the ministerial code. Perhaps the Minister can tell us what the mechanism is for dealing with that particular difficult scenario.

In May 2007, in a speech launching his bid to become leader of the Labour party, the Prime Minister said

"government must be more open and accountable to Parliament".

He was reacting against what were perceived to be some of the excesses of the previous regime under Tony Blair. The Minister may recall that that particular motif—that particular approach by the present Prime Minister—was well received, and contributed in no small measure to the popular support that he enjoyed during the early part of his time as Prime Minister. Unfortunately, it has not been carried through in terms of written parliamentary answers.

I have conducted an analysis. The Minister may consider it a small analysis, but I have asked the Prime Minister 23 written parliamentary questions in the last 12 months.

Chris Bryant: I know!

Norman Baker: I am glad the Minister knows. I do not know whether that means that he is responsible for the answers, but I think it fair to say that only 17 per cent. of them—four out of 23—have been answered in any way satisfactorily, while 83 per cent. have not been answered properly at all. That is not good enough.

I hope the Minister will not either attack me personally for doing that work or pretend that everything is all right, because it is not. The Minister has a good record in the House for being independent and fair-minded. I hope he will recognise that there is a problem, and that it is in his interests as well as those of Parliament to try to deal with it.

How are these questions not answered properly? What techniques are used? Sometimes the Prime Minister will provide irrelevant information: he is asked one thing, but his reply bears no relation to the question he was asked. Sometimes he provides information that is so vague that it cannot be used in any shape or form. Sometimes he answers the bit of the question he likes, and leaves unanswered the bits that are more difficult to answer. These techniques may be well established—perhaps they are not unique to this Prime Minister and have been employed by other Prime Ministers, and also by other Ministers. I do not wish, therefore, to pretend that the this Prime Minister is a lot worse than any other, but these are not techniques to be proud of, and nor do they bear close scrutiny. I hope that he and the Deputy Leader of the House will recognise that it would be better if proper answers were given to parliamentary questions.

Dr. Julian Lewis (New Forest, East) (Con): Before the hon. Gentleman moves on from his list of techniques, may I draw his attention to two others, which he may have partly covered in what he has said?

One particularly disturbing technique is to refer the Member who has asked the question to some extremely obscure page of a website or to say that the material requested is available in some huge volume of Government statistics. That is of no help to anyone. However, in fairness to the Leader of the House, I should say that she has at least stamped on the practice of referring Members to previous answers without enclosing a copy of that answer, and that addition at least makes things more convenient for the hon. Member concerned.

Norman Baker: The hon. Gentleman makes some relevant points, and I am grateful to him for adding colour to the case I am making. It should be added, however, that although we may now have the previous answer enclosed, it sometimes bears no relation to the question.

Let me give the Deputy Leader of the House a couple of examples. They are by no means the most important examples, but they are typical of the problem. I asked the Prime Minister on what date he last travelled by rail on official business. I do not think I have to justify my questions—I am entitled to ask questions if I wish to do so—but the reason I asked that question was that I speak for my party on transport matters. The Government have made a virtue of their climate change activities and have rightly introduced a Bill to tackle climate change, and I wished to discover whether Ministers were adhering to their statements in their personal behaviour. It was not an unreasonable inquiry, therefore, and, in fact, I asked every Minister that question. Of 22 Departments, including the Prime Minister's office, who were asked that question, 18 have given me a precise date on which the Minister last used a train—and most of them travelled by train quite recently, so this is a good news story for the Government as most of them at least are helping to stick to their climate change targets by trying to use the train wherever possible. I am therefore happy to put out something positive about the Government on this occasion, because that is what my questions produced. Two Ministers have not yet responded—they have given holdings answers—and two have refused to give the information. Who are they? They are the Prime Minister and the Chancellor of the Exchequer.

What did the Prime Minister say? He could have given a simple, short answer by actually saying when he last travelled by train: "12 December 2007" or whenever it was. Instead, he said this:

"I travel, making the most efficient and cost-effective arrangements, including by rail. My travel arrangements are in accordance with the arrangements for official travel set out in chapter 10 of the 'Ministerial Code', and the accompanying guidance document, 'Travel by Ministers'."—[*Official Report*, 31 March 2008; Vol. 474, c. 550W.]

Why did he not answer the question?

I raised another issue in the light of activities before the parliamentary recess in July. Unfortunately, by releasing a huge number of statements on the last day before the recess—as, sadly, has become traditional—the Prime Minister was breaking the ministerial code, as it explicitly states that a large number of statements should not be released on the last day before the recess. I can give the Deputy Leader of the House chapter and verse for that if he wishes.

Chris Bryant: There were half the number of last time.

Norman Baker: From memory, I think there were about 30, but certainly a huge number of written ministerial statements were issued in July on the last day before the House broke up. I therefore asked the Prime Minister

> "what steps he took to ensure that his release of written ministerial statements on 22 July 2008 did not constitute a breach of section 9.3 of the Ministerial Code; and if he will make a statement on the application of the code to written ministerial statements issued on that date."

What did the Prime Minister say in reply? He said:

> "The information was published when it was ready."—[*Official Report*, 10 September 2008; Vol. 479, c. 1806W.]

Are we being asked to believe that by happy coincidence all these statements came to fruition on this one particular date? Had they been ready a day later, presumably we would not have had them, but it seems that, happily and coincidentally, they were all ready on the last parliamentary day before the summer recess. I do not think that is the case. I have asked the Prime Minister subsequent questions to pursue that, but I have received no satisfactory answers.

We must also consider the matter to which I referred tangentially in response to the intervention by the hon. Member for New Forest, East (Dr. Lewis): the practice of being referred to a previous answer. When we receive answers of that type, we think that when we take a stroll back through *Hansard* the information that we want will be there—unfortunately, we find that it is not there.

I asked the Prime Minister

> "on what date he last met Tony Blair."—[*Official Report*, 13 November 2007; Vol. 467, c. 232W.]

I do not have to justify the questions that I ask in this House, but as the Deputy Leader of the House may wish to know why I asked that perfectly legitimate question, let me say that I did so because Tony Blair apparently plays a leading role in sorting out the middle east but seemed rather invisible in that role. In order to understand how this country and this Government were approaching the middle east crisis, it was important to know what relationship there was between the Prime Minister and his predecessor. It has not always been a very good relationship, by all accounts, so I wanted to elucidate whether that relationship was affecting British relations and policy in the middle east.

I was referred back to a previous question of mine and, therefore, to the previous answer. I shall not bother reading out the previous question, but the previous answer was as follows:

> "Information on official and charity receptions held at Downing street will be published in the usual way following the end of the financial year."—[*Official Report*, 15 October 2007; Vol. 464, c. 819W.]

I did not ask about official and charity receptions; I asked the Prime Minister when he last met Tony Blair, so why will the Prime Minister not answer the question?

When an hon. Member presses the Prime Minister, they receive the final formula, which tries to shut down the exchange—"I have nothing further to add." I asked the Prime Minister

> "if he will make it his policy to ensure that there is a parliamentary debate before any decision is taken on whether to allow the US Administration to use Diego Garcia in any planned strikes against Iran."

I hope that hon. Members accept that that was a legitimate train of inquiry. The Prime Minister could have said that the Government had no plans to allow the US to use Diego Garcia, or he could have said that there would be a parliamentary debate or that there would not be a parliamentary debate. All those would have been legitimate answers.

What did the Prime Minister say? He said:

> "We are fully committed to a negotiated solution and are working to ensure that this difficult issue will be resolved through diplomacy. The Government always ensure that any use of their bases is in accordance with international law."—[*Official Report*, 19 November 2007; Vol. 467, c. 577W.]

I am very pleased about that. That is a reasonable statement of the Government's policy, but it does not answer the question that I asked. I therefore asked him

> "for what reasons he did not state whether he would ensure a Parliamentary debate before any decision is taken on the use of Diego Garcia by the US Administration.

He replied:

> "I have nothing further to add"—[*Official Report*, 29 November 2007; Vol. 468, c. 591W.]

That was a second opportunity to answer the question, but he refused to take it.

There are lots of other examples that I could cite, but I will not trouble the patience of the Deputy Leader of the House by reading out every question to which an inadequate answer has been given. Reading those out would take a great deal of time. I am sorry to say that reading out the adequate answers could be done rather more quickly, although I am not going to do that either. Perhaps he ought to think about the consequences of poor answering practices for when he is in opposition, as his party will be at some point, whether after the next election or at some other future point. He may be happy to establish a rule whereby proper parliamentary questions are not given proper parliamentary answers, but that will set a rather dangerous precedent for him for when he is in opposition. He may find out at that point that being smart in government is not so smart when he faces that tactic in opposition, so it is in his interests to reform this practice.

It is not clever or smart to refuse parliamentarians proper answers to legitimate questions asked in this House. Mr. Speaker has regularly made it clear that he expects proper answers to be given. I know that he has no control over the content of answers, but he has indicated the proper role of Members of Parliament in asking questions; indeed, he has facilitated this debate.

I hope that the Minister accepts that we have a right to ask questions, and to have them answered, even if the answers are embarrassing to the Government or cause them political difficulties. That is not the judgment that should be made, but it is made, not in all Departments but in No. 10. The judgment that should be made is whether the information requested can be released without compromising our security, causing problems with commercial confidentiality, incurring disproportionate cost or causing problems with allies. Those are legitimate reasons for not answering questions, and they should form the test. Unfortunately, the test is increasingly whether a question will cause political embarrassment, which is a misuse of power. I hope that the Minister will do his best to recognise that the issue is serious. If he does not want to admit that today, I hope that he will consider it and try to ensure that answers to parliamentary questions are rather better than they have been recently.

4.25 pm

The Deputy Leader of the House of Commons (Chris Bryant): I congratulate the hon. Member for Lewes (Norman Baker) on securing this debate and on the assiduity with which he asks questions.

I wholeheartedly agree that openness is good, and not just for the Opposition. I come to this debate not worrying about whether we shall be in opposition, but as someone who believes that openness is good for government. The same principles apply whether one is on the Opposition Benches or is a Government Back Bencher. I believe that our Parliament has more robust means for ensuring that than almost any other legislature that I know. We have oral questions, which are unpredictable, particularly with the innovation of topical questions, and that has applied to the Prime Minister ever since we have had Prime Minister's questions, which have been open and effectively topical questions. Our system is not followed in many other countries in Europe or other common law countries, where there is a much inferior system of parliamentary questions. I have sometimes been galled to see other parliamentary systems where speeches in debates do not have to be delivered for them to appear in the written record. Speakers may send them in by e-mail if they were not called, and there is no means of intervening to ask the thrusting question that might make a dramatic difference to the debate.

We have a strict system of written questions, both ordinary and named day written questions. Although we do not manage to answer every named day written question on the right day, every Department does so with the vast majority of those questions, and the vast majority of ordinary written questions are answered within a week. That is so different from most other legislatures in the world that we should be proud of it. We also have a strict regime for correspondence from the public to Ministers, and from Members of this House and of the other place.

We have a robust system but, as the hon. Gentleman says, we must ensure that it works. That is why the Cabinet Office ensures that the ministerial code, to which he referred, is clear. It states that

> "it is of paramount importance that Ministers give accurate and truthful information to Parliament, correcting any inadvertent error at the earliest opportunity. Ministers who knowingly mislead Parliament will be expected to offer their resignation to the Prime Minister."

It continues:

> "Ministers should be as open as possible with Parliament and the public, refusing to provide information only when disclosure would not be in the public interest which should be decided in accordance with the relevant statutes and the Freedom of Information Act 2000".

That is precisely the sort of issue that the hon. Gentleman mentioned at the end of his speech, and I think we wholeheartedly agree thus far. In addition, the House has always believed that it is contempt of the privilege of Parliament not to be honest in dealings with the House.

The hon. Gentleman said that he has asked 23 parliamentary questions—I am not sure whether they were named day or ordinary written questions—in the past year to the Prime Minister, and I know that he has asked questions elsewhere. One of his complaints—he did not make it in this way, but this is how I would have made it—is that sometimes the Prime Minister's answers have been a little abrupt. On one occasion, the hon. Gentleman received a simple "Yes" in answer, and on another, the answer was more succinct than he might have liked—although, on my reading, it did answer the precise question that he had asked.

The hon. Member for New Forest, East (Dr. Lewis) also referred to the practice—adopted not only by the Prime Minister, but by other Ministers—of referring Members to previous answers. The Leader of the House has made it clear that we do not think that that is an appropriate way to answer a question. It may be acceptable if the reply would have to be excessively lengthy, because the previous answer had been lengthy; if the previous answer had been recent, and so was readily available; and if a copy of the original answer was provided to the hon. Member asking the question. However, by far the best practice is to provide the full answer again, even if that means saying, "As I said in my answer on such and such a date", and then repeating that answer. That is what we are striving to achieve in every Department and I do not see why we should make any distinctions.

The hon. Gentleman says that many questions are not answered satisfactorily. He said that he had asked the Prime Minister specifically about when he had met Tony Blair, but the question that the hon. Gentleman asked on 15 October 2007 was:

> "To ask the Prime Minister (1) which *(a)* hon. Members, *(b)* former hon. Members and *(c)* Peers who are not members of the Labour Party he has invited to Downing Street since becoming Prime Minister…(2) if he will publish a list of all those he has invited to Downing Street since becoming Prime Minister."

To which question the Prime Minister replied:

> "Information on official and charity receptions held at Downing street will be published in the usual way following the end of the financial year."—[*Official Report*, 15 October 2007; Vol. 464, c. 819W.]

That is a legitimate answer, because that information is published on a regular basis and it makes sense to have it all in one regular publication, rather than to respond to individual requests.

Norman Baker: I should have said in my remarks that I welcome topical questions as a good innovation. I do not have a problem with the publication once a year of information on "official and charity receptions". However, the question on Tony Blair was subsequent to that and referred back to that answer. I have had no guarantee that we will learn whether the Prime Minister has met members of the Labour party in Downing street or not. That question has not been answered yet.

Chris Bryant: The point is that the list will be made available annually, and there is an issue about announcing whether someone is or is not a member of a political party. I do not think that everyone who goes through the door of No. 10 has to provide their membership card or, indeed, prove that they are not members of a political party. I remember that a few years ago, during the Labour party leadership ballot that Tony Blair eventually won, someone rang us from Cardinal Archbishop Basil Hume's office to ask whether he could vote in both the membership section and the trade union section. I said that I did not know that he was a member of either, but in any case he was allowed to vote in both sections. We do not always know who is a member of the Labour party, because they can be hidden round corners—

Dr. Julian Lewis: But God is on our side!

Chris Bryant: Well, I would hesitate before handing out a membership card to one of the holy trinity.

The hon. Member for Lewes also mentioned the question about train travel. I am glad that the vast majority of Ministers have been able to reply directly. It has been a standing view of all Prime Ministers that they never comment, in advance or retrospectively, on any travel arrangements. One often sees the Prime Minister getting on a train on television, but the security advice is that he should not comment on his travel arrangements.

I want briefly to put the matter of parliamentary questions in context. Although I wholeheartedly welcome the fact that we have a very robust, vigorous and active system of asking parliamentary questions, I merely point out that in the years shortly after I was born, in 1964 and 1965, only 46 parliamentary questions a day were asked while in the previous Session 445 questions a day were asked. That completely changes the system.

One thing that has made it much easier for Members of Parliament—and sometimes also, I suspect, for MPs' members of staff, although perhaps I am being unfair—to table questions is the facility online that asks whether they want to ask the same question to another Minister. They just have to click "Yes" and another Minister is asked the same question. I know that there are round robin questions, because they end up being asked of the Leader of the House's office where they are wholly inappropriate. A number of times I have had to answer a question with the words "None," "Not at all," and "Never" because the round robin question has been rather more enthusiastically "robinned" round than is appropriate.

I do not want to restrict the number of written parliamentary questions, but I am cautious because a time might come when we could weigh down Ministers; they end up signing off the answers. I know from my experience that I signed an answer off and it turned out that the information that I had been provided with by the House authorities was completely inaccurate by a factor of nearly 100. I had to submit a changed answer a couple of weeks later. Sometimes the system is held up by Ministers because they have a job to do, and 445 written parliamentary questions is a lot. Last year, for the sake of completeness, there were 73,357 written parliamentary questions.

Norman Baker: I produce all my own questions and table them myself at the Table Office—I do not e-table. I agree with the Deputy Leader of the House to the extent that I feel that the system is being undermined by the capacity of research assistants to table questions that the Member for whom they work has not even seen. I worry about that. If the Deputy Leader of the House wanted to clamp down on that aspect of things, I would not object.

Chris Bryant: Indeed. I do not want to clamp down too heavily on that, but it is an abuse of the systems of the House. Any question that is tabled in the name of an hon. Member should have been tabled by an hon. Member. The e-tabling system is there to facilitate hon. Members, not to enable their staff to do their job for them. That is an important principle.

The Procedure Committee has been carrying out an inquiry and will eventually report on the whole question of written parliamentary questions. I am keen to try to ensure that wherever possible we abide as strictly as all hon. Members would want with the ministerial code and with the spirit and letter of the rules of this House. Sometimes we fall short, either because Ministers have been away, which has meant that an answer has not been provided as swiftly as it might have been, or because they have glanced rather cursorily at the answer and it has not been as full as it might or indeed should have been. The requirement is that an answer should be truthful, and that does not mean just a partial truth. It means the whole truth and nothing but the truth.

The hon. Gentleman raised two other points on which I want to comment. The first was the issue of written ministerial statements and the fact that there were a large number in July. He referred to the point that I made from a sedentary position, which was that there were many fewer. I was actually referring to the Christmas recess, when there were many fewer because I specifically wrote to Ministers to try to ensure that we did not have a large number of written ministerial statements on the last day.

There is always a double bind for Ministers. If they do not produce something by the recess, no statement is made to the House at all until the end of the recess. That is a large gap. At the same time, to provide a written ministerial statement at the last minute—particularly if it is of hefty substance—means that Members do not have an opportunity to have a come-back. One thing that we have done that I think is right is to make it possible for Members to table questions during recesses, and especially over the summer months. We have also put in place a system for the answering of named day questions during the recess as well—something that was sadly lacking for many years.

Incidentally, I can tell the House that I had been hoping to get the 4.45 pm train from London to Cardiff this afternoon. The one at 4.15 pm would have been better, as that costs the taxpayer only £166 as opposed to £266.

Norman Baker: What class of ticket is that?

Chris Bryant: It is first class, as the hon. Gentleman knows perfectly well.

The hon. Gentleman asked whether freedom of information inquiries and ministerial answers are connected. I am gazing wistfully towards my private office staff for the answer to that, and am afraid that I shall have to write to him with the answer, although I note that the ministerial code refers specifically to the Freedom of Information Act.

I turn now to the disproportionate costs threshold, which currently stands at £750. There is pretty clear guidance from the Cabinet Office on this matter and it makes it clear that, where information is refused on the grounds of disproportionate cost, there should be a presumption that any requested information that is readily available should be provided. Therefore, although it may be impossible to provide a full answer without incurring disproportionate costs, any elements of the question that can be answered should be answered.

[Chris Bryant]

The disproportionate cost threshold is calculated to be eight times the average marginal cost of answering written parliamentary questions. The marginal cost is the direct cost of the time spent by civil servants preparing the answer for a written parliamentary question or producing the necessary facts and figures. It excludes the standing costs of parliamentary branches and Ministers' offices and the fixed cost of staff accommodation. I hope that the hon. Member for Lewes is fully enlightened by that paragraph, because I am not sure that I am.

I have just been handed a response to the question about the connection between freedom of information legislation and ministerial answers. However, I am unwilling to risk reading out something that I do not fully understand twice in one speech, so I shall confine myself to replying to the hon. Member for Lewes by mail. If he is not satisfied with my answer, I have no doubt that he will table a written parliamentary question.

Question put and agreed to.

4.42 pm

House adjourned.

Westminster Hall

Tuesday 13 January 2009

[Mr. Eric Martlew *in the Chair*]

Early Intervention (Finance)

Motion made, and Question proposed, That the sitting be now adjourned.—*(Barbara Keeley.)*

9.30 am

Mr. Graham Allen (Nottingham, North) (Lab): It is good to see you in the Chair, Mr. Martlew, and to see colleagues from all parties here to support—I hope—the principles of how we fund early intervention; its financing is a work in progress, and today I shall try to set out a stall for the next year's work on making it effective. I hope to be lucky in the draw and follow up this debate with progress, towards to the end of the year, and then perhaps have another exchange with the Minister whom I am delighted to see in his place. I do not know whether he thinks that I am tracking him on his journey around Whitehall. I have had lots of interviews and exchanges with him over early intervention, which have always been very positive and sympathetic. I now want to take the matter further with him in his new role and explore some of the financial aspects.

Mr. Frank Field (Birkenhead) (Lab): Will my hon. Friend refer to the report that he and the right hon. Member for Chingford and Woodford Green (Mr. Duncan Smith) wrote? It is the most important report, official or unofficial, produced in Parliament since I became a Member 30 years ago.

Mr. Allen: I am deeply flattered by that tribute, as too, I am sure, is the right hon. Member for Chingford and Woodford Green (Mr. Duncan Smith). I hope that the report has made a small contribution to every party's thinking—in a non-partisan way—on how we address some of the long-term problems facing us. My right hon. Friend gives me an excuse to say that bringing about intergenerational change will require a generation. Everybody, of all political complexions and none, will need to understand that. We will also require a social and political consensus to sustain it over the long term. That is what we were trying to do in the report, and what I continue to try to do with people of all persuasions of good will, who see that early intervention is actually a very long-term solution requiring the broadest possible social and political support.

David Taylor (North-West Leicestershire) (Lab/Co-op): I thank my hon. Friend for taking an early intervention from me—pardon the phrase. We will need a generation to convert and change the current culture. Nowhere will that be required more than in the media, which produce hyperventilating, hand-wringing headlines about an underclass. However, the moment that any Government, local authority or organisation try to tackle some of the problems, the media accuse them of being part of the nanny state and of interfering while parents try hard to bring up their children. Does he recognise that problem? How can we tackle it? We have in this place a genuine cross-party consensus on this matter; and I agree with my right hon. Friend the Member for Birkenhead (Mr. Field) that the report is magnificent.

Mr. Allen: I agree with my hon. Friend's point, which has to be taken on board, about the nanny state. However, it is a greater nanny state that interferes in the court, policing and welfare systems and requires constant governmental remedial action at a late stage, which is very expensive. It is less of a nanny state that enables youngsters—whether up to the age of three or 18—to make the best of their lives and to become freestanding, self-starting, emotionally and socially rounded individuals who can take control of their own lives. Oddly enough, that will require less governmental interference and nanny state-ism and, therefore, save the Government and taxpayers a lot of money.

Mr. Iain Duncan Smith (Chingford and Woodford Green) (Con): For the sake of this debate, I shall refer to the hon. Member for Nottingham, North (Mr. Allen) as my hon. Friend, because we worked hard on this report and agree on the subject. I also apologise to him, because with interventions at this rate he will never get through his speech. However, does he agree that during the baby P and Karen Matthews affairs—I have written about this—the media wrote from the standpoint of perhaps the majority in society, and that, especially during the Karen Matthews affair, there was a major shock that a group in society was living in such a state. The key is to ensure that that shock makes people say, "Something has to be done!", so that the nanny state becomes completely absent and there is no nanny at all, whether family or state, in many of these lives.

Mr. Allen: I agree with my right hon. Friend—I am pleased to call him that in the context of this debate—about the media. Hopefully, the media will one day see that it is possible for colleagues throughout the House—whether in Government or aspiring to it—to work together, while of course continuing to have differences, and provide leadership in producing a serious early intervention package and understanding how we can finance it. I pay tribute to my right hon. Friend the Member for North-West Durham (Hilary Armstrong) for her pioneering work, not only as a member of the Cabinet but subsequently as a humble Back-Bencher who still, not so humbly, continues to push this agenda.

Hilary Armstrong (North-West Durham) (Lab): *rose—*

Mr. Allen: Before I give way, let me say that this debate has come as a bit of a surprise to us, because the original debate was withdrawn. I intend, therefore, to make my remarks at leisure, in order to keep up this conversation, which is far more valuable than the usual artillery exchange.

Hilary Armstrong: I congratulate my hon. Friend on securing this debate. As he knows, I have been lobbing things in the air and at the Treasury about this for some time. The evidence produced by him and the right hon. Member for Chingford and Woodford Green (Mr. Duncan Smith) is similar to work that I did in the Cabinet Office. We now understand more about the development of the brain and how it works. We did not have that information in the past; now that we do, however, we

[Hilary Armstrong]

would be derelict in our duty if we did not intervene. I am talking not about late intervention but about the right support and intervention at the time when it will give the child a chance of surviving and prospering in this world. If we do not do that, we will not have rejected the nanny state, but will have failed in our duty. We must be prepared to intervene much earlier than has often been spoken about thus far. For example, this morning I was reading a Government publication on families in Britain that came out in December. It mentions early intervention programmes for eight to 13-year-olds. They are important, but at that stage sometimes we will be too late. We must intervene at the right time and support the parents. All the evidence suggests that, if we do that, the life chances of the parents and children concerned will be incredibly enhanced.

Mr. Allen: I thank my right hon. Friend for that intervention and you, Mr. Martlew, for the judgment that you are exercising to provide for a genuine debate. You need to be credited for that, Mr. Martlew, because we need this sort of exchange if this House is to be taken seriously. My right hon. Friend the Minister has been involved in enough Adjournment debates to know that they can be a lonely experience, with only a Minister and one Back Bencher present. Today, the record should say that heavyweight and intelligent people from all parties are participating in this debate, and I welcome that.

Mr. Frank Field: May I bring my hon. Friend back to his point about the nanny state? As I see the way in which his ideas are developing, they may include an element of the nanny state, but the aim is to do away with it. In the extraordinary world that we have experienced, we were the product of a wonderful wave of working class respectability that transformed the nation. That respectability was also about how we raised children. For reasons that we do not have time to go into today, the nation is increasingly falling out of love with the way in which it raises its children—the next generation. The proposals in the joint publication, and others that the two authors have spoken about, aim to get us back to the self-governing society that we once had. We developed this extraordinary way of successfully raising children. Families cohered in a way that allowed them successfully to negotiate the outside world.

Mr. Allen: I say to my right hon. Friend that we must be careful that we do not talk ourselves into a debate about the nanny state because it does not get raised that often. I have read the works of Thomas Paine and they say that Governments, even in their best form, are a necessary evil. The idea that state-ism should control people's lives—as some people on the left, the right and the centre believe—is anathema to my political tradition. We want to liberate people and give them the equipment to make their own way. That is the basis of many, if not all, of the mainstream political philosophies in the UK.

I will come on to the subject of parenting later. As my right hon. Friend the Member for North-West Durham knows, the famous child psychologist Bruce Perry was the first to pick out those shocking pictures of the brain size of a three-year-old who had been loved and nurtured and that of a three-year-old who had been seriously neglected. The contrast was between an ordinary three-year-old and a three-year-old in a Romanian orphanage. Physically as well, there was a difference in size. That stunning image was used by my right hon. Friend when she was running the Cabinet Office, and I have used it over and over again. Bruce Perry's thesis is that there has been a breakdown in the intergenerational transmission of parenting skills. That is a sociological way of saying what I and my right hon. Friend the Member for Chingford and Woodford Green said in our modest publication "Early Intervention: Good Parents, Great Kids, Better Citizens". If we continue that transmission of good parenting skills in a virtuous circle, we will be half way to setting up effective early intervention and creating self-starting, rounded and emotionally capable people. I will give way to the hon. Member for Castle Point (Bob Spink), but then, if I may, I should like to make a little progress because everyone is making my points.

Bob Spink (Castle Point) (Ind): May I move the hon. Gentleman from the philosophical and more general point to a very practical point? Regardless of what we do and spend, we will fail young children unless we get housing right. As Members of Parliament, we have all heard cases of single mums and families living together in very poor housing, being bumped from pillar to post, with children who are disabled, ill and sometimes emotionally challenged. Unless we make it easier for those people to get decent housing in which they can keep warm and dry and feel safe, we will not get anywhere. We have an economic crisis at the moment that could challenge financial support and early intervention. Those things would be a very soft target for ministerial cuts. We must not take our eye off the ball, and we could kill two birds with one stone by tackling the provision of housing for such children.

Mr. Allen: The hon. Gentleman makes a good point. As chair of a local strategic partnership, One Nottingham, I have learned that this matter is everyone's business. The traditional idea that this issue is a matter for children's services or health services is nonsense. Partnership—that overused word—is essential. We need people, from our employment partners, our housing partnerships and communities and development areas to help us on this. We must bring everyone to the party. This is not a problem that someone else will solve if we throw a bit of money at it and we appoint an early intervention project co-ordinator. It will be solved by everyone coming to the party and making their contribution. We are dealing with a circle. If we can intervene and break the intergenerational circle, then we are out into the open field in this policy area. To do that, everyone must play their part.

Andrew Selous (South-West Bedfordshire) (Con): Like other right hon. and hon. Members, I should like to pay tribute to the hon. Gentleman's work. I hope to bring a bit of relief to my hon. Friend the Member for South-West Hertfordshire (Mr. Gauke) and the Minister by saying that we are not necessarily talking about huge amounts of public money. We all know that public money is very tight at the moment. Will the hon. Gentleman comment on the political will that is necessary for local authorities to work with organisations in the voluntary sector? In my constituency, the South Bedfordshire community family trust—known locally as Two in Tune—is having good discussions with our local authority. If there was real political will for local authorities to work with organisations in the voluntary sector to give families the skills and the support to be good couples and then good parents, we would go a long way to solving the problems. Often, people are more comfortable working with organisations in the voluntary and community sector than they are with an organ of the state. Will the hon. Gentleman comment on the political will that is necessary in local authorities?

Mr. Allen: The most valuable commodity in this debate is political will and commitment, and our greatest enemy is administration. We need to consider such things in a more radical and political light—I do not mean a partisan party political light. For example, I may say a little later—if I get there—that we need to free up local government. Brilliant creativity, which is currently inhibited in local government, is a tremendous waste of a national asset. The creativity in the House is wasted as well because we are not able to make an effective contribution or hold Government to account. The idea is that there is stasis—that we administer, manage and maintain the problems, rather than tackling the causes. That issue was one of the most exciting things about the work of my right hon. Friend the Member for North-West Durham. She laid out a pathway for getting to the causes and not just treating the symptoms. If we can do that politically, and set it out—it has to be a social and political consensus—we will go a long way towards tackling such issues. The voluntary sector needs to find its place. However, it cannot find a place as effectively in the locality unless we free the locality to find space for it. The sector would choose to do that, but it is often constrained by its targets and by being told that it has to do something by next year. Short-termism, which is a characteristic of late intervention, hamstrings the efforts that we could put in locally with the voluntary sector.

Another thing to mention is the possible publication of a White Paper on social mobility. I welcome the Government's efforts, but policies will be built on sand unless we get every child in the United Kingdom up to a basic level of social and emotional capability. It is virtually impossible to stop a child with a rounded, general social and emotional capability becoming literate and numerate being excited by learning and wanting to achieve and aspire and to get a decent a job. Above all, it is virtually impossible to stop them wanting to be a good parent when they in turn have children.

In Nottingham, in our own small way, we have attempted to introduce an early intervention package of measures that allows children, from their very first breath, and even before that, as my right hon. Friend the Member for North-West Durham said, to develop social and emotional capability. If such measures succeed, policies for social mobility and educational attainment would flourish, and policies regarding apprenticeships and getting back to work would have a solid foundation on which to work. In Nottingham, I want to get the 31,000 people who are on incapacity and related benefits back into some form of work, as long as it is work that suits them and in which they can be confident of achieving. They would be better placed if we had those foundations in place. I would welcome a social mobility White Paper, but we need the firm basis on which such policies can move forward.

Mr. David Kidney (Stafford) (Lab): Will my hon. Friend give way?

Mr. Allen: I have now reached the end of the first paragraph of my speech, so I will give way to my hon. Friend.

Mr. Kidney: I shall address funding later, but to get the foundation right, every child should learn about half what they will ever learn in their first three years. Too often, there is no appreciation of the importance of that: a lot of people wait for their child to start nursery or school to start their learning, but it should actually have started before that. We need a transformation of support during those first three years. My right hon. Friend the Member for Birkenhead (Mr. Field) said that we had that in the past, but that we have lost it. We certainly need it now.

To build on what the hon. Member for South-West Bedfordshire (Andrew Selous) said on not worrying about the cost, does my hon. Friend agree that all the services are there, but that they are in different silos, so getting them to focus on the kind of transformation that I mentioned would not necessarily be costly? I am thinking of children's social workers and health visitors, who are important, but the range of local government and national health services should also be involved. The hon. Gentleman mentioned the voluntary sector, which is important, and at national level, we have the Family and Parenting Institute, Parentline Plus, the Children's Commissioner and Ofsted. With political will, we need to knit those services together—that is the transformation that we want.

Mr. Allen: My hon. Friend makes a number of intelligent points, as I always expect from him. George Hosking of the Wave Trust has greatly influenced me. Rather comically, he has explained via a dance that a woman would have to have hips about 5 ft wide to give birth to a baby whose brain is fully formed—I could not possibly do the dance that he does to illustrate this, and I would not attempt to do so. To put it succinctly—I find this preposition memorable—every child is born three years premature. Parents—we might be talking about a single parent living in one room—look after babies who, in other circumstances, could be in an incubator in intensive care. We ask poor, lonely, young people, often women who are on their own, who are not educated in parenting, to look after what is in effect a premature baby and to take that baby through those vital first three years, when the brain explodes with neuron growth.

Age nought to three is a vital period. Perhaps because I come from Nottingham, I have an image of an archery target with that age group in the bullseye. The next ring is the age three-to-18 group. They will be the carers in future, so if they properly develop, they will make the valuable nought-to-three period of the next generation as prolific as possible, through empathetic behaviour, nurture, love, warmth and the family values that are traditionally part of raising a child. My hon. Friend is right that that period is important.

I shall address costs later, but in a nutshell, it costs £250,000 if a child goes wrong and is banged up in a secure unit for a year at the age of 16, and £230,000 if a child ends up on an intensive drug rehabilitation programme for a year. Let us imagine what would happen if that

[Mr. Allen]

money was put into nurse-family partnerships, in which nurses have a relationship with every young teenage mother. It would pay for 50 youngsters—I have done a quick calculation—to get the most fantastic help with nurturing and loving their child, which every parent wants to do. That would save us so much money down the road.

In Nottingham, for example, we could give warmth, comfort, security and expertise to the parents and children to whom I referred for £2.8 million—we are already doing so for a quarter of the children of teenage parents for £700,000. That is the same cost incurred by five or 10 people who have gone wrong, not including court, prison and welfare costs. The problem cries out for that kind of sensible investment. I shall deal with this matter later, but if we can figure out how to make that saving, we could also provide a tremendous income stream for the Government for 20 or more years as this generation grows up.

Mr. Duncan Smith: My hon. Friend has moved on from this issue, but I have found, through my dealings in the media—the right hon. Member for Birkenhead (Mr. Field) mentioned this—that when we talk about children failing generally, the questions are always about schooling. The media are absolutely obsessed with bad or failing schools, but they fail to recognise—it is difficult to get this across—that a huge chunk of a child's education, even after the age of three, takes place at home and that, before the age of three, it takes place exclusively at home.

People need to understand that, if they want children to excel at school, they cannot simply say, "Everything is down to the school." They must understand the huge significance of family involvement. The family must take the child to school or nursery education ready, as my hon. Friend has said on many occasions. This is the most difficult thing to get across to people, because they keep coming back to the fact that it is the school's or the teachers' fault. In fact, schools and teachers pick up the pieces of a failure that we should have dealt with right at the beginning.

Mr. Allen: If it is anybody's fault—I do not think that ascribing fault is helpful—it is the fault of policy makers, so we need to look to ourselves and what we do. That takes me back to the last point made by my hon. Friend the Member for Stafford (Mr. Kidney). Local resources are available, and some of the numbers involved are quite small: there were 500 teenage parents last year in my city, and the number of people in key groups who need specific help might be in the dozens or as much as 50 or whatever. If the figures are broken down and dealt with effectively at a local level, we are not looking at an impossible tsunami of millions. However, as well as those resources needing to be deployed properly, as my right hon. Friend the Member for North-West Durham pointed out, we need strategy. One of her breakthroughs when in the Government—she has now had to leave the debate—and one of the breakthroughs that my right hon. Friend the Member for Chingford and Woodford Green should also claim credit for, although within his own context, was that they brought strategic thinking to the subject. Should not Governments and Parliaments really be concerned with knowing what needs to be done across a generation, as well as with deploying resources here and there? Often those resources can be deployed far more sensitively by more free and independent local government and other vehicles.

Mr. Frank Field: May I make a plea that we are pushing at an open door? When I ask children and young people in Birkenhead and Manchester what they would most want from their school if they had a school contract, every one of them said that, within their first four priorities, they wanted to be helped to be good parents. The stunning facts that my hon. Friend has just given about the first three years of life would not only make the basis of some pretty good teaching and learning in schools, but start to give young people guidelines on their responsibilities for that intensive care over those first three years. No one now tells them what those responsibilities are, so why should they know?

Mr. Allen: There are so many brilliant concepts and philosophies relating to this area, including the sort to which my right hon. Friend has just alluded, and we need to liberate people's capacity to implement them. I hope that that point will draw me back to not only the concept of early intervention, over which I have laboured in several Adjournment debates, but specifically its financing, because that is the guts of the debate. In looking at ways of drawing in finance to make early intervention work, I would like to make it as easy to invest in the human capital of healthy and happy young children as to invest in the physical capital of land, buildings and machinery, the intellectual capital of ideas, inventions and artistic creations and the financial capital of company shares and bonds.

The current economic downturn has been a signal for radical rethinking on borrowing and spending, and that needs to extend beyond what was done in the 1930s to what we need to do for the 2030s and the generation now growing up who will be adults a century after the great depression. Today's borrowing must be tomorrow's springboard for success, not a ball and chain or something that gives no returns in the future. The investment must give those returns massively and in ever greater amounts, create growing dividends and savings for a generation and help to repay current borrowing—something that must be done in the future.

Sadly, the case of Baby P has backed up the claim made in a recent publication in *The Lancet* suggesting that one in 10 children suffer abuse, and my view is that they are just the extreme tip of the iceberg. The bulk of the children to whom I am referring are those who, to put it more mundanely and less dramatically, would benefit from effective parenting, which can be created by early intervention. If children grow up healthy and happy in households that offer them love, nurture, stimulus and empathy, their prospects improve dramatically for the rest of their lives. They are less likely to commit antisocial behaviour and crime or to become dependent on alcohol or other drugs. They are more likely to achieve at school and less likely to stress their teachers and disrupt the education of others. They are more likely to secure well-paid employment and become taxpayers and less likely to be dependent on welfare. They are less likely to have unwanted pregnancies and more likely to become great parents of children whom they will also wish to raise to be good parents in their turn.

Taken together, all those effects suggest that successful early intervention policies will generate an exceptional financial payback, which could be seen as a bonus. I do this sort of work because I care about the kids in my constituency, but by the way, it will make the Government billions of pounds if done properly over the long term. To use a fashionable Keynesian expression, early intervention is a massive multiplier. That sort of common-sense economic and financial conclusion has now been underpinned by fantastic amounts of research. Five or 10 years ago, we might have been scratching around for an evidence base to prove it, but we now have a lot of solid evidence, not least because of the superb work done by Treasury officials in the lead up to the last comprehensive spending review.

There is also the work of James Heckman, the 2005 Nobel prize winner, who demonstrated that the economic payback of pre-school intervention was three to six times higher than that of post-school intervention. When I talk to people about that and try to search for the right words, I often refer back to my mum, who said that a stitch in time saves nine—it does not need to be a highly scientific explanation. We all know that helping a child early will save ourselves a lot of grief and expense later on.

Even last week, I discovered that a tremendous evidence base is being built in Birmingham, not least because of the inspiration of Steve Aos, who has done many calculations about returns using a very conservative methodology that gives the lowest possible return in all cases. Birmingham is now using some of that evidence and has a £41 million package that is intended to save £102 million, but I need to examine that a little further.

One thing that I do know about is the nurse-family partnership, because we brought it to Nottingham and, as I mentioned earlier, are using it with single teenage mums. It is a home visiting programme for low-income mothers with their first babies. The programme is now 26 years old. Professor David Olds, who started it in the United States, has an evidence base of 26 years—try contradicting that. It was based on extremely rigorous and deeply conservative, rather than speculative, assumptions. He has demonstrated, and independent scrutiny has supported, that under the programme mothers were significantly less likely to abuse or neglect their children or to have subsequent unintended pregnancies or misuse alcohol or drugs. They were significantly more likely—percentages are attached to these claims—to enter stable employment and escape welfare benefits.

Unsurprisingly, the programme has also demonstrated enduring benefits for the children. Compared with their control group counterparts who did not have intensive nursing and health-visiting support, those who did made 56 per cent. fewer visits to hospital emergency rooms, so child abuse and accidental injuries were reduced. As adolescents, the children who had been through the nurse-family partnership were arrested 56 per cent. less frequently than their other cohort counterparts and had 81 per cent. fewer convictions. As 15-year-olds, they had had 63 per cent. fewer sexual partners. There is a wealth of evidence, which I know the Minister has seen, to support those statements.

Clearly, appropriate intervention saves lots of money. The Treasury recognised that in the run-up to the last comprehensive spending review, as well as acting on it, which I welcome warmly, in a number of areas. For example, the Treasury supported Every Child a Reader, which gives one-to-one attention to young disadvantaged children struggling with reading and writing. The CSR backed the scheme, saying that raising children with poor education to the average would save £6 billion in public expenditure to deal with the consequences of poor literacy.

As my right hon. Friend the Member for Birkenhead said, we are pushing at what I hope is an open door at the Treasury, and we have one foot through that door. The only thing that I want from my right hon. Friend the Minister as a result of this debate is for that work to be taken further. I would like to discuss more informally with him, and perhaps with colleagues who are present today, how it can be taken forward along with the Treasury's work. I do not want a cheque tied in a pink ribbon or a commitment that this or that financial instrument will be used in future, but I do hope that the Minister will entertain a continuing dialogue over the next year with colleagues of good will from all parties.

My experience from chairing the local strategic partnership in Nottingham, which pioneered the package, is that it is dangerous to seek short-term funding, funny money, two-year grant aid and the like. It is disruptive, the criteria and Government policy can change and it is uncertain. Therefore, I am looking for a long-term answer and a long-term commitment over a generation, with payback over a generation. I do not want any favours. I do not want social or ethical money from somebody trying to help me out. I want money from the hardest-faced capitalist who can be found in the toughest financial market that can be found, who sees it purely as a great investment that will yield them a return—not because they want to help the kids in Nottingham, North or any of the other constituencies represented here today, but because there is a tough case for it as a money-making scheme.

I need to devise a plan with the Treasury and others. I have pulled together a group of high-powered people from the City of London and the public and voluntary sectors to work on the matter, and I hope that collectively we will come up with something. As a constituency entrepreneur, I am happy to continue working on it with friends in this room, but I hope equally that the massive possible returns will interest the Treasury in working on its own to explore the possibilities.

There are some interesting points that I could make on the UK system of finance, but I shall try to avoid making them. One that I must mention is that local government often does not have the capability to make independent decisions, even where it sees ways to tackle local problems sensitively and make large savings.

David Taylor: My hon. Friend made a point earlier in his excellent speech about local government's freedom to innovate. At times local government has had that freedom. In 1973, Margaret Harrison, an organiser of voluntary work in my county of Leicestershire, created Home-Start, one of the parents of Sure Start. At the time, local authorities were not constrained too much by league tables and targets. The problem with Sure Start, which is now funded and directly managed by local authorities, is that a layer of bureaucracy has been inserted into it—targets for Play-Doh proficiency and things of that kind—which obfuscates the purpose of the exercise. There can be risks. I am a big supporter of

[David Taylor]

giving local governments freedom, but they should not be led astray into thinking that they must have a target framework within which everything must operate, because that is damaging.

Mr. Allen: I am just about to come to the question of local government, and I will address my hon. Friend's points directly then. I hope, Mr. Martlew, that you feel that this has been a genuine debate. I have forgone pages of script to keep that debate going. It has been extremely useful. As an aside, I can only wish that Westminster Hall was used more frequently for exchanges such as this and less frequently as a mini-Commons Chamber where we do not listen to one another.

In the short time left to me, I shall outline a couple of possibilities, which I put to my right hon. Friend the Minister so that there are no surprises and so that we can have a further dialogue. They illustrate the scope of the task.

It is clear that in extraordinary times such as these, the unthinkable, such as nationalisation of banks, can become commonplace rapidly. The most radical proposal is full independence for local government. I say that it is the most radical; it is actually commonplace in most western democracies, but it is a rather radical suggestion in the imperial United Kingdom. Each local government unit would have the freedom to borrow against its credit rating for any purpose, using any means that it could persuade financial markets to accept. Central Government would have to stand aside; it could neither approve the borrowing nor give any guarantee on default.

As in the United States, borrowing could be subject to local referendum. Why not involve people? They often say, "I'm sick of those blinking kids down on the street corner. Can't we do something about it?" Many people do not believe in "hang 'em and flog 'em." Many appreciate that youngsters should be helped. "Give them something to do," they say. "Why can't they help their mum? Where's the health service?" Local people appreciate that answers can be devised locally, so why not involve them in local referendums?

Municipal bonds are long established in most democracies, and are regularly used to fund long-range early intervention policies. They are an attractive way to do so, as many investors are willing to hold long-dated bonds until maturity and accept no returns in the early lifetime of the bonds. Bonds are also tax-exempt in the United States.

When I last considered the subject, in the middle of last year, there were 50,000 state and local entities in the US alone that could issue securities and more than 2 million separate issues outstanding, with a combined value of $1.7 trillion. More than 5 million US households owned municipal bonds directly or indirectly, and I understand that they have become still more popular since the crash in other asset prices. US municipal bonds are available to British investors, with the curious result that people in Nottingham can invest in the future of children in Colorado but cannot invest to finance similar packages or schemes in their own city.

A less radical proposal, but one that would still require political will, would be to have a new national savings issue dedicated to early intervention. Its proceeds would be ring-fenced and re-lent to local government or other vehicles to finance approved programmes. That might be attractive to lenders and markets because of the guarantee against default, but it would obviously be less attractive to local government because it would subject all its early intervention activities to central Government control or oversight. However, I am sure that local government could live with that.

A still less radical possibility would be for the Government to relax the criteria allowing local government or other structures to borrow directly from the Public Works Loan Board, or to undertake prudential borrowing. At present, these facilities are limited to physical capital projects, such as buildings and transport, which is an issue that I have raised with Treasury officials in the past. If the facilities could be extended to include human capital investment, that could open up a new means of financing early intervention. I hope that we can also explore these ideas, without commitment, with the Minister and his colleagues over the next year or so.

The Government might also consider the possibility of creating special purpose early intervention trusts, or socially responsible early intervention companies with powers to borrow money. So there could be some arm's length agreement. It is not beyond our collective wit to come up with some measure in this area.

More simply, the Government could commit dedicated long-term grant aid to early intervention projects from current revenues. That suggestion is not attractive to me or to local government, because it would make those projects vulnerable to a change of mind by central Government when circumstances changed at national level. I would guess that it is not very attractive to the Treasury either, because it would involve committing current revenues far into the future.

Alternatively, the Government could examine the precedent set by the Department for Work and Pensions and work out the cost of a lifetime of public intervention for, say, 1,000 children, then offer half that cost to a private company, for example. The Government would immediately save half the costs of those 1,000 lifetimes and the company would be incentivised to have a brilliant early intervention programme, to retain savings, to increase its profits and to reduce the costs of remedialism, rehabilitation and a lifetime on welfare benefits. These are ideas that I am sure we can explore across the party divide and through the good offices of Government.

A further very simple proposal is that the Government could match the baby bond with an equal donation to each local authority or trust for each newborn child in its area, with the proceeds to be spent on early support programmes.

Whatever new investment vehicle is created for early intervention, it will face one key question and I hope that colleagues will help me in trying to think it through. How do we identify and capture the combined savings from early intervention and pay back the investors or original grant aid? That is the key question and it is one that I hope we can work with the Treasury to think through. I have thought about it a lot and I do not pretend to have come up with an answer yet. I hope by the end of the year to be able to pull together some of the work on that issue. It is the key question. The rewards of early intervention are real, but they do not always take the form of a stream of money income or a specific asset that rises in value.

Mr. Kidney: This is a footnote to the point that my hon. Friend has just made. At the local level, we want people to spend to save, as he powerfully argued today. At that level, it may be that one person or body, such as the council, is required to do the spending, and another person or body, such as the criminal justice system or the NHS, will make the saving. Obviously, therefore, the need is for us to use these powerful messages to invade the local activity in every organisation. These days, the Government like that activity to be governed by local area agreements or multi-area agreements. However, is it not the case that we need to mobilise the Government, the Audit Commission, ourselves and the media if possible, to invade that process of local activity and make this issue a priority?

Mr. Allen: First, we again need the strategy and the highest-level political commitment, and I do not just mean whoever happens to be the party leader in power at that time. There must be a consensus and the strategy must be driven, in almost Swedish style, over 30 or 40 years. So we need that core commitment and strategy in place.

In addition, we need to ensure that the instruments that we are currently developing in Whitehall, whether they are local area agreements or other targeting instruments, are seen as being less crude and intrusive and more related to showing nimble and lively sensitivity locally, so that people can figure out what is happening locally. That is the alternative to a one-size-fits-all approach, where the name of the city is simply changed. We need instruments that genuinely reflect local circumstances.

Even in my own city of Nottingham—I am sure that it is also the case in my hon. Friend's constituency—there is a big white working-class former council estate area, which I represent, and next door there is a very different, ethnically diverse inner-city area; my hon. Friend studied there and will recall it well. Even locally, therefore, we need to be sensitive, so that some of the crudity of approach that is imposed by one-size-fits-all thinking is loosened up and made much more sensitive, so that it can react a little more nimbly to local circumstances. Then, as my hon. Friend said earlier, there will be the resources locally to achieve that type of early intervention effectively.

The rewards of early intervention are not always that obvious and they take the form of outcomes for children throughout life that are better than the outcomes for children who did not experience early intervention. How do we value that difference? That takes us back to the key question that I referred to earlier about capturing savings. I think that the answer entails comparing two cohorts of children, as has been done in New Zealand and other countries, to establish the difference between a cohort of children who have experienced early intervention and a cohort who have not experienced it. My right hon. Friend the Member for Chingford and Woodford Green and I have asked party leaders to consider this proposal, as one of the key recommendations at the end of the book that we put together.

If the two cohorts of children are compared, we can figure out the percentages for fewer crimes, fewer demands on the health service, more time spent in employment, and so on. Of course, making such calculations is a formidable challenge and will involve a great deal of hypothesising, but making them will become easier if we build in this system of comparison over a generation, as we develop more knowledge of the detailed benefits of early intervention programmes. Indeed, the Treasury has already got past first base on this issue as a result of the work that it did prior to the last comprehensive spending review. There are also possibilities for involving the insurance industry, so that it may contribute its insight to the task of assessing rewards that only emerge over the long term.

I have taken some time this morning to make my case. I hope that I have left enough time for the Front-Bench spokesmen to make their contributions. I have deliberately encouraged people to participate in a genuine debate and it has been an extremely good debate this morning. I have just touched on some very complex technical territory. A lot of hard work needs to go into examining this issue and I hope to return to it towards the end of the year, to see how far we have got.

There are basically three fundamental truths in this area. First, the rewards of early intervention are far-reaching and the costs of late intervention are becoming prohibitive. Secondly, early intervention programmes must be long-term programmes and they are always at risk if they are compelled to rely on short-term financing from current revenues. Thirdly, it is both prudent and practicable for Her Majesty's Treasury to help us to devise new forms of investment finance for early intervention that will meet the demands of lenders and allow the nation to improve its stock of human capital as efficiently and rapidly as it meets its other capital needs.

Bob Spink: I would encourage the hon. Member to accept a fourth fundamental truth in this area. It is that if we get housing right, then social stability, health, education and finding employment for parents become so much easier and more achievable. Conversely, without decent, longer-term housing prospects, the young families that we are discussing will not move forward in these ways and any money that is spent will be less effectively spent.

Mr. Allen: The hon. Member is a great advocate for the causes that he believes in and I know that his words will be taken seriously

Thank you for the way that you have allowed us to have a genuine debate this morning, Mr. Martlew. There is a great deal more to say about this issue and I would hope to say it, with some positive conclusions and some really concrete proposals, later in the year. All I ask of the Minister is that he keeps an open mind and helps us, where possible. Specifically, I hope that he will undertake to meet me and any colleagues who have participated in the debate this morning at some point in the not-too-distant future. Thank you again for your tolerance this morning, Mr. Martlew.

Mr. Eric Martlew (in the Chair): I normally start the winding-up speeches at this time, but I shall call Mr. Iain Duncan Smith first.

10.30 am

Mr. Iain Duncan Smith (Chingford and Woodford Green) (Con): I am grateful for that, Mr. Martlew, and I shall keep my speech to about one minute.

First, I congratulate the hon. Member for Nottingham, North (Mr. Allen), whom I can legitimately call my hon. Friend in relation to these matters, as we have had so many conversations on it and have done so much work together. I have enormous respect for his work on

[Mr. Iain Duncan Smith]

this issue. He has mentioned the Wave Trust and George Hosking, who put me on to this issue and eventually to my hon. Friend. That is how we came together in what I hope has been a positive way. I thoroughly enjoyed working on the book that we worked on together. We continue to work together—I say this to all colleagues in the House—because we want to drive this matter forward as our No. 1 priority.

Let me quickly welcome the Minister. We have faced each other on many occasions, and have had plenty of private conversations, and I know that in his heart of hearts he agrees with all of this; I am sorry if that destroys his career prospects. I believe that he is headed in the right direction, personally, on this issue. The Government and Government spending are other issues, but I ask him, in this case, to let his heart drive his instincts and to let his instincts drive the Treasury, which sometimes lacks both.

I want to address a few elements before I sit down. First, it is critical that we understand early intervention, which my hon. Friend has discussed. The media often come back to crime and sentiments such as "lock 'em up" or "bash them, bang them up, do whatever—it is not hard enough," but the prison population has risen and we know, mostly, who will be committing crimes tomorrow. For the most part, we know where those people will be drawn from, and they are mostly from the group we are discussing.

About 60 per cent. of all those in prison come from broken and often dysfunctional homes, and they have average reading and numeracy ages of a child of 11. More than 30 per cent. of those in prison come from care homes, although only about 0.6 per cent. of all our children have ever been in care homes. The vast majority of those children are drawn from that same community, and they dramatically furnish our prison population and crime figures. About 60 to 70 per cent. of prisoners have major drug or alcohol problems, and many have mental health issues. All that is drawn from the start that they got in life and what has happened to them.

Schooling is critical, because such children will never stay in school until they are 18. It is a nightmare to get them to make it to 12, 13 or 14 before they decide arbitrarily to leave the schooling system and end up on the streets. Their role models are in the communities of what has been referred to as the underclass. Those children rarely see anyone go to work, and they are often from families with two or three generations of worklessness. They may be from broken homes and have lone parents. The society that many such people experience is completely different from that experienced by those of us who dictate the debate on these matters. We need a better understanding of why these problems exist.

I have one plea to make and then I shall sit down. Together, we have been to all the party leaders, and we have received a good response from all of them, but I ask the Government to initiate the next stage. That has to be drawing in the other party leaders and people such as the Conservative Front-Bench spokesman, my hon. Friend the Member for South-West Hertfordshire (Mr. Gauke), whom I welcome, to thrash out these issues and reach consensus. If we do not get consensus, things will change every time a new Government come in and cut programmes because they are too expensive. We will get nothing out of this debate if we do not get consensus.

The key is getting a 20-year programme of change that we agree on. We need not agree on all the mechanisms to be used, but we should at least agree on the objectives. If we do that, we will have achieved something that is about good government. We go on about the nanny state, but we are already the nanny state in these areas, and an ineffective one. The costs of that are enormous and we still fail to change people's lives. This is not about having no government or smaller government, but about having effective government, and I welcome that.

10.34 am

Mr. Jeremy Browne (Taunton) (LD): It is a great privilege for me to congratulate the hon. Member for Nottingham, North (Mr. Allen) on securing the debate and on speaking so eloquently on this subject. It is also a privilege for me to follow the right hon. Member for Chingford and Woodford Green (Mr. Duncan Smith), who also has a long-standing and admirable interest in this field. We have the added context of the fact that the right hon. Member for Darlington (Mr. Milburn), who could not be present today, has been asked by the Prime Minister to do additional work on social mobility. That subject matter is not identical, but it overlaps with what we are discussing.

The problems are familiar to us all as constituency MPs, but it is worth touching on some of them, one of which is educational underachievement. I take the point that once children have reached formal education, much of the mould has already been set and the problems are already in train. Nevertheless, this issue is indicative of a wider malaise.

In the most deprived areas, 44 per cent. of schools achieve the requisite Government target GCSE pass rates, compared with 97 per cent. in affluent areas. So, children reach that level of attainment almost across the board in affluent areas, but in less than half of schools in more deprived areas. Only 21 per cent. of children who receive free school meals achieve five good GCSEs. To touch on the points that the right hon. Member for Chingford and Woodford Green has just made, many people who find themselves, in adult life or adolescence, in prison or otherwise severely disadvantaged have failed to reach those basic levels of attainment much earlier.

Relative financial poverty is another factor. The Government deserve some credit for seeking to address that systematically by targeting money, through one-to-one tuition, to equip people with greater skills in the workplace. There are also schemes such as Home-Start—I am familiar with Home-Start in Taunton—which is an excellent organisation. Under the scheme people, mainly mothers, mentor new mothers who are in less fortunate circumstances and try to pass on mothering and life skills.

We have touched on the cost of failing to intervene in terms of prison places and drug rehabilitation programmes. We can all agree that considering the matter simply in statistical terms of financial cost, education and Government programmes may mean neglecting the biggest aspect—the emotional and spiritual poverty in many communities. This is not simply about financial poverty; it is about deeply entrenched unemployment, about people living lives that lack structure or focus and about all the social ills that arise from such circumstances.

What about the solutions, inasmuch as we can readily arrive at solutions, and ideas for improvement? I agree with what the hon. Member for Nottingham, North said about the role of local government. We should encourage local communities, not only through local government but at lower and more immediate levels, to be imaginative in their solutions and to take responsibility for their own neighbourhoods. People should not see this as entirely an exercise of initiatives that are devised in London and passed down for implementation.

I agree that the private sector has a role to play. The hon. Gentleman's thinking is extremely radical in that regard. Although the implications might be alarming for his colleagues and others, including some people in my party, we ought to explore that area.

Education is clearly important, and more could be done to help children before they get to school. That would be a better use of Treasury money than the baby bond that matures when children reach 18, when, I think we all agree, the direction of travel for their lives has mostly been determined. My party, as well as the Conservatives, and perhaps the Government, have talked about the so-called pupil premium to target extra financial resources at children who are falling behind in the primary school years of their education. In the past day or two, the Government have made announcements about giving incentives to teachers to stay in schools where the cohort of children is harder to teach. I welcome such initiatives.

The nanny state has been mentioned, and I think that agencies of the state have difficulties. For example, there was clearly a need for greater intervention in relation to Baby P. However, the newspapers that were critical of Haringey social services—I do not say that they should not have been critical—also criticise social services departments for confiscating children and say, "How dare the state behave in such a heavy-handed way?" There is a difficult balancing act to be achieved.

I admire the work of the hon. Gentleman and the right hon. Member for Chingford and Woodford Green. The latter talked about the prison population, which is a stark demonstration of the points we are discussing. However, I am slightly cautious about the risk of confusing cause and effect, and have some reservations about adopting a prescriptive approach—for example, financially penalising people for not being married. My parents are married and I went to university, but it is likely that I would have gone to university even if my parents had not been married. Sometimes inferences that might apply in general terms can be made, but they do not always apply in specific terms, and we ought to be cautious about that.

I conclude with this observation: aspirational poverty is the greatest danger that we must tackle. I think that the hon. Gentleman talked about liberating the capacity for people to help themselves. Dealing with this issue is not just about providing facilities. Since the Victorian era, free education has been provided by the state and we have had free libraries for anybody who wishes to go and read the complete works of Shakespeare or the day's newspapers. Those services exist, but people need to want to access them so that they can realise their potential. It is not just about equality of wealth; it is about everyone being able to enjoy the full richness of life. I welcome this debate and, in the spirit of our contributions, I hope that the Minister will try to see this as a long-term, cross-party issue. We are all keen to achieve the objectives discussed. Those objectives will no doubt be further mentioned in the final two speeches.

10.42 am

Mr. David Gauke (South-West Hertfordshire) (Con): It is a pleasure to serve under your chairmanship today, Mr. Martlew, and I congratulate you on the way in which you have chaired the debate. I congratulate the hon. Member for Nottingham, North (Mr. Allen) not only on securing the debate and on setting out his thoughts so eloquently—and, indeed, on bringing in contributions from a number of right hon. and hon. Members—but on shaping debate on the subject more broadly. He mentioned that he has held a number of Westminster Hall debates and has raised the issue of early intervention in a number of contexts, inside and outside Parliament. In doing so, he has contributed hugely to developing political parties' understanding—not just his party, but all parties—of the advantages of early intervention and has contributed to the wider debate outside.

I also congratulate my right hon. Friend the Member for Chingford and Woodford Green (Mr. Duncan Smith). He has made an enormous contribution to increasing the understanding of some of the difficulties that we face in society and some of the ways in which we can address those concerns. My right hon. Friend and the hon. Gentleman have worked together on the publication of their book "Early Intervention: Good Parents, Great Kids, Better Citizens" and have provided an example to all parliamentarians. The right hon. Member for Birkenhead (Mr. Field) had another engagement and is no longer in the Chamber, but he mentioned that it was the most important report that he had read during 30 years in Parliament, which is praise indeed. At a time when there is great cynicism about politicians, if the public were to see the way in which my right hon. Friend and the hon. Gentleman have worked together and brought forward the debate, they would be hugely impressed.

The central argument is that a section of society suffers from low aspirations. That important point was made by the hon. Member for Taunton (Mr. Browne). Often, the problems of drug and alcohol abuse, family instability, crime, and worklessness are passed from generation to generation. That creates neighbourhoods in which those characteristics become the norm and are prevalent. Sections of society therefore live a life of hopelessness.

My right hon. Friend the Member for Chingford and Woodford Green and the hon. Member for Nottingham, North have made the case that, although Governments of both parties have responded by trying to tackle the consequences, such as crime and poverty, they have not tried to tackle the causes to the same extent. The emphasis needs to be put on the early years, particularly between nought to three years old, which is the time when a difference can be made. The right hon. Member for North-West Durham (Hilary Armstrong) made an important point about understanding more about the development of the brain. So there is a great opportunity during those early years.

[Mr. David Gauke]

Clearly, dealing with this issue will benefit the poorest families, who will receive help directly, but it will also benefit wider society by reducing crime and antisocial behaviour. In the long term, demands on the taxpayer will be reduced. To use the terminology that my party tends to use, if we can tackle the problems of a broken society, we can reduce the demands on the taxpayer in the long term. Effective early-years intervention is a vital component of achieving that. The hon. Gentleman used evidence of studies in the US—for example, the nurse-family partnership's home visiting programme—to demonstrate how effective that can be.

A corollary of the focus on early intervention—the hon. Gentleman teased out this point effectively—is the requirement for greater diversity in the provision of services. We need experimentation and for people who are close to the ground to be prepared to try something different to find out whether it works. That, of course, is an argument for greater localism—a point that the hon. Gentleman made—for trying to give greater powers back to local authorities and for moving away from over-prescriptive targets. That is vital, because doing so allows for greater involvement of the voluntary sector—a point made by my hon. Friend the Member for South-West Bedfordshire (Andrew Selous) and mentioned by the hon. Member for Taunton. Greater localism provides greater scope for the voluntary sector to play a role. Perhaps for understandable reasons, that sector shows greater initiative and experimentation in addressing some of these issues. My right hon. Friend the Member for Chingford and Woodford Green made an important point about the need to enlist the voluntary sector, and my party supports doing so.

How do we ensure that we maintain the focus on early-years intervention? The key point in this debate has been about financing. The hon. Member for Nottingham, North is clearly thinking imaginatively and radically about ways in which we can deal with that, and we certainly encourage him to continue to do so—it is incumbent on all of us to do so. The key problem is how to capture the benefits. The hon. Member for Stafford (Mr. Kidney) made a good point about the difficulty of some of the expenditure being incurred in one area and some of the savings in other areas. We need to think about that.

May I just raise a small note of caution? The hon. Member for Nottingham, North argued that the current climate has made us think more radically about borrowing, but I do not think that he will be surprised to hear me say that we need to be a little cautious about that. One of the arguments for early intervention is that it will lead to long-term benefits. I am not going to get into a debate about the current state of public finances, but there are long-term difficulties with the borrowing that we face, and I am nervous about that. There is clearly scope for reprioritising within the existing budget, to find savings that enable us, for example, to abolish the couple penalty in the tax credit system and to provide more health visitors. All that is possible within existing budgets, but I shall end on a conciliatory note, because we have had an excellent debate. The hon. Gentleman deserves to be thoroughly congratulated on pushing the agenda; it has support certainly from my party and, I believe, from all parties.

10.50 am

The Financial Secretary to the Treasury (Mr. Stephen Timms): I thank my hon. Friend the Member for Nottingham, North (Mr. Allen) for securing the debate and for the way in which he has pursued the issue over such a long period. He has followed an unusual and possibly unique path by taking on executive responsibility, as chair of One Nottingham, for programmes in his constituency, while pursuing Ministers and policy issues in the House. He has pursued a very fruitful programme, and I echo other hon. Members' tributes to him and to the right hon. Member for Chingford and Woodford Green (Mr. Duncan Smith) for the contribution of their pamphlet and for other collaborations on thinking in this area. We have had a remarkably consensual debate, and I, like others, hope that the cross-party consensus will endure.

My hon. Friend referred to this morning's White Paper, "New Opportunities: Fair Chances for the Future", which was published more or less at the moment when he stood up to speak. I have been able to obtain a copy, and I draw his attention to one paragraph that touches in particular on our debate this morning. Paragraph 8.42 states:

> "There is strong evidence that the right kinds of early investment in all people, particularly the young, can deliver substantial returns not just for individuals themselves, but also for society and for government. It is therefore sensible to examine, as part of our commitment to delivering value for money in public services, innovative new ways to achieve such investment. Alongside public investment, several models have been suggested for enabling private or third sector organisations to invest in public services in return for payments linked to social outcomes, such as those models proposed by the Council on Social Action. Government departments and other public authorities should explore contracts for payment based on outcomes",

and so on. I hope that my hon. Friend will take that as evidence that the vigour with which he is pursuing the matter and his conversations with the Prime Minister and others are bearing fruit, but he is absolutely right—others have made the point, too—that such thinking must go a good deal further.

In the debate, we have heard about the evidence that shows conclusively that good-quality child care, early education and good home-learning give children the good start in life that they need. That has been the background to a number of changes that the Government have made: the Employment Act 2002, for example, extended maternity allowance to 39 weeks and introduced two weeks' paternity leave for the first time, thus enabling millions of parents to spend more time with their children in the first few precious months of their lives.

My hon. Friend and others talked about family-nurse partnerships, and the new opportunities White Paper refers to them in chapter 7, which is entitled "Strengthening family life". With the White Paper, it has been announced today that we will increase the number of family-nurse partnerships, based on the US model that my hon. Friend spoke about, to up to 50 by the end of next year—a significantly faster increase than was originally planned, thus ensuring that disadvantaged families get the help that they need.

We have now invested almost £2 billion in Sure Start children's centres. The target—2,500 centres—was reached in the spring of last year, providing services to well over 2 million young children and their families, and there will be another 1,000 centres by the end of next year. All of us will have visited such centres in our constituencies, and it is clear that future generations will reap substantial benefits from that programme of early interventions. I have certainly been very impressed by what I have seen throughout the network of children's centres in my constituency. Our report on the next steps for public service reform, "Excellence and fairness: Achieving world class public services", sets out the need for services to focus increasingly on prevention, and that focus is reflected in the White Paper.

I shall suggest three challenges that we must address, some of which have already been touched on in the debate. First, many issues, from antisocial behaviour to rising obesity levels, on which early intervention can deliver real benefits, require an active contribution from citizens themselves, as well as through public service provision. Derek Wanless estimated savings of £30 billion over 20 years if people all took simple steps to look after their own health, and it is true that cost-effective early intervention will rely on services in which responsibility is shared between service providers and professionals on the one hand and users on the other. That can be difficult to achieve, and we must design incentives for citizens, as well as for service providers.

My hon. Friend the Member for Stafford (Mr. Kidney) referred in his intervention to the second challenge: early intervention requires joint working across traditional service boundaries and, most obviously, when the cost of a programme is in one budget but the benefits score in another. We need to enable and encourage services to pool budgets where appropriate.

Thirdly, the most challenging problem is one of measurement. We can gain a reasonable sense of the likely cost and subsequent return on a bridge or on an airport runway, to quote a current example. The materials that we need to build such things are finite, and once they are built, they will not move around or refuse to do what we want them to do, but even those projections are often hotly contested. Working with human beings and with children, however, is infinitely more complex, and it can be very hard to attribute causality and establish the reliability of even relatively small and focused interventions.

Evidence shows that many preventive interventions are dependent on circumstances and the quality of their delivery, so, for example, some cognitive programmes that aim to prevent reoffending are demonstrably successful, but one evaluation suggests that they can suffer hugely from variability in implementation. That results in apparently similar programmes having a wider range of outcomes than would be perhaps anticipated or, certainly, desired. It is very hard to identify early the good ones, and we need to address that challenge.

The Office of the Third Sector initiated last November a three-year programme on measuring social value, bringing together academics and others to develop a social return on investment tool, which may be useful. On the specific issue of securing additional finance for early intervention programmes, however, my hon. Friend the Member for Nottingham, North sketched out some thoughtful proposals, and I should welcome the opportunity to sit down with him and others later in the year to discuss them. He has been pursuing the issue for a long time, and we know that spending now can release savings in the future, but can we devise mechanisms that somehow realise those future savings by spending now?

I am aware of the interesting work by the Council on Social Action regarding the idea of a social impact bond, but I am aware, too, of the difficulties with value for money—especially at a time of tight fiscal constraint. I welcome the exploration that my hon. Friend is leading, however, and I am encouraged by the ideas that are emerging. I am grateful to him for his generous remarks about the Treasury's role, and our watchword is value for money for the taxpayer. We need to build the evidence base, so that everyone concerned is clear about the value that is added by any proposal. Understanding cost savings and benefits will be the key to extending the preventive approach, and we need to work hard on building up evidence about the circumstances in which such interventions should be targeted.

We have had an excellent debate, and I am grateful to all who have contributed. It is clear that early intervention has great potential to deliver exceptional returns.

Milton Keynes/South Midlands Sub-region

11 am

Mr. David Lidington (Aylesbury) (Con): I am glad to have the opportunity to bring forward a further debate on this issue, which is vital not only to my constituency, but to every constituency in Buckinghamshire, Bedfordshire and Northamptonshire. If the Minister was in any doubt about the level of parliamentary interest in today's debate, those doubts might be laid to rest when he sees that attending with me are my hon. Friends the Members for South-West Bedfordshire (Andrew Selous), for Northampton, South (Mr. Binley), for Wellingborough (Mr. Bone), for Kettering (Mr. Hollobone), for Mid-Bedfordshire (Mrs. Dorries), for North-East Milton Keynes (Mr. Lancaster), and for Buckingham (John Bercow). I am also glad to see the hon. Member for Milton Keynes, South-West (Dr. Starkey) here today.

I want to begin with two points on which I think that we can find agreement between all parts of the House. First, there will be a need in the Milton Keynes/South Midlands area, as in the rest of the country, for new housing and associated development. My hon. Friends and I all meet at our constituency surgeries people who are in housing need. We are all familiar with the demographic trends that are driving an increase in the number of households, even in circumstances where the population is relatively stable. They include the breakdown of marriage and partnership; the welcome fact that elderly people now live longer and can live independently for longer than in the past; and the wish of young adults to live independently of their parents and on their own—before they settle down and start a family—for more years than used to be the case. We are aware, too, of the impact on housing demand of what the Secretary of State for Communities and Local Government described at the weekend as the "free-for-all" in Government immigration policy, which present Ministers allowed, whether or not they realised what they were doing.

Secondly, we can all agree that where new development takes place, it should be of good quality. I would be happy to endorse the aspirations set out on behalf of the Government by none other than the then Deputy Prime Minister in the 2002 White Paper, "Sustainable Communities: Building for the Future," in which the issues we are debating arise. The Government stated in that White Paper:

> "Where new and expanded communities are needed,"

the Government would wish

> "to ensure that these are sustainable, well-designed, high quality and attractive places in which people will positively choose to live and work."

I happily endorse the Government's statement that part of their response to the housing challenge would be:

> "To address public services and infrastructure needs to enable the new communities to function."

Mr. Mark Lancaster (North-East Milton Keynes) (Con): My hon. Friend mentioned sustainability. Does he agree that for any community to be truly sustainable, it must have the support of local people? That is probably one of the key points that many of our constituents feel strongly about. They feel that housing is being imposed without any genuine local concerns being taken into account.

Mr. Lidington: I completely agree with my hon. Friend. Where I differ from the Government is that I believe that their policy has been flawed in two critical respects. First, they have been wrong to rely on top-down planning and targets imposed from the centre on local areas. In the 2002 White Paper, four areas in south-east England were singled out for large-scale development, when the evidence is that there is housing need and need for regeneration in many different communities in the south-east. I would have had far more sympathy for a Government policy that accepted that almost every town and village could cope with some additional housing, in each case on the scale and of a design that was acceptable to local people and in line with the needs and ambitions of that area.

Powers were removed from local authorities by the Government and given either to the Secretary of State or to unaccountable and remote regional agencies. Even when we get down to the process of public consultation on individual sites, which is happening in Aylesbury at the moment, we find that the rules that the local authority are obliged to follow in carrying out that public consultation—the timetable, the sort of questions that may be asked, the considerations that will be regarded as relevant and legitimate when a decision is taken—are determined by central Government and not by the representatives of the local communities themselves. Hanging over all that has been the threat, made clear in conversations between Government officials and local authority representatives, that if local authorities do not toe the line, the Government will step in, as they have done in Milton Keynes, and remove altogether the planning powers of the local authority in respect of growth and hand them over to a panel appointed by the Secretary of State.

Dr. Phyllis Starkey (Milton Keynes, South-West) (Lab): I am sure that the hon. Gentleman would wish to clarify that although it is true that parts of the new growth areas currently have little or no housing and are under the planning control of the Milton Keynes Partnership, there is also significant growth planned within the existing urban area of Milton Keynes, which is under the control of the council, as a local planning authority. In addition, of course, the local planning authority sets the overall parameters within which all development is taken forward.

Mr. Lidington: The hon. Lady is making the best fist that she can of defending a policy that I suspect is pretty unpopular among voters in her city. Although she asserts that it is up to the local authority to set the framework, the changes to legislation that her Government brought in require local authorities to ensure that their own plans comply with both regional and central Government guidance, or else those plans will be considered invalid and can be struck down by the Secretary of State. The problem with this top-down approach is twofold: it has led to bad planning decisions and, as my hon. Friend the Member for North-East Milton Keynes pointed out, it is utterly corrosive of public confidence in the democratic system that allows its voices to be heard.

One of the most depressing experiences that I have had in my constituency when dealing with this issue over the past six or seven years, has been talking to local people who say, "What is the point of responding to a public consultation? What is the point of deciding which candidate I support in a local authority election? At the end of the day, all these decisions are being taken up in Whitehall; our voices are not heard, public consultation is a pretence, local democracy is meaningless." I say to the Minister that irrespective of which political party happens to be in office at any one time, whether locally or nationally, it is not a healthy state of affairs when we see public cynicism about democracy growing in this way.

John Bercow (Buckingham) (Con): My hon. Friend is absolutely right to highlight the prevalence of concern among the public and council leaders. I am sure that he would agree that both David Shakespeare from Buckinghamshire county council and John Cartwright from Aylesbury district council have consistently taken an extremely pragmatic and responsible approach to development, but given that Roger Tym and Partners estimates that £770 million of infrastructure investment is required in Aylesbury alone, does he think that local councillors are legitimately concerned that thus far, only a little in excess of £30 million of such commitments has been garnered?

Mr. Lidington: I am mindful of what my hon. Friend has said and I shall try to develop that theme at greater length later in my speech.

We need a change away from centrally driven, top-down planning. I welcome very much the commitments given by my hon. Friend the Member for Brentwood and Ongar (Mr. Pickles) that a Conservative Government would return powers over housing and strategic planning to elected local authorities and would free local authorities to revisit housing plans and spatial strategies that have already been imposed.

The second flaw in the Government's general approach is their failure to plan adequately for jobs, infrastructure and public services alongside the new homes. Even if we set aside our disagreements about the sustainable communities plan, the housing targets and the designation of four areas of south-east England for particularly large development, and look at the Government's implementation of policy in their own terms, we find that that failure is a massive flaw which threatens to deliver communities that are far from sustainable. In the Milton Keynes/South Midlands area as a whole, the target is to build some 220,000 new homes. For Aylesbury Vale, the target is about 27,000 new houses by 2026, of which 16,800 will be in and around Aylesbury itself. Many hon. Members want to get in on this debate, so I shall touch briefly on three subjects that are relevant to my constituency: calculation of housing targets, provision for jobs and planning for infrastructure.

On the calculation of housing targets, I urge the Minister, even now, to look again at the change of policy that the Government introduced a couple of years ago which stopped local authorities from counting development on windfall brownfield sites as part of their housing targets. Historically, those gains were important in Aylesbury, and a consequence of the policy is that pressure for greenfield development has increased. The policy has also provided central Government with a way surreptitiously to increase housing targets without actually announcing and taking responsibility for such decisions. That, too, corrodes public respect for the political process.

I would also ask the Government to look seriously at the provisions in planning policy statement 3 for local authorities to maintain a continuous five-year supply of deliverable sites. Paragraph 71 of PPS3 states that local authorities that do not have a five-year supply of housing land should "consider favourably" applications for planning permission. The inference one draws from that is that the absence of supply should trump other planning considerations that would normally make a scheme unacceptable.

The problem at present is that the impact of the recession means that sites that would perhaps have been given planning permission, or on which the local authority would certainly be willing to grant planning permission, are slipping out of the five-year deliverable timetable. In Aylesbury, work on many existing development sites has stopped, starts have been delayed, and where building continues the building rate has slowed down because of the impact of the recession.

Unless the Government are prepared to look at their rules on five-year supply, there is a risk that under paragraph 71 other sites outside the local plan—speculative applications—will succeed, not because they are sensible or sustainable but because market conditions mean that the local authority is unable to deliver the five-year supply required by the Government. We end up with the five-year supply rule clashing with the Government's declared commitment to sensible planning and sustainable development.

Secondly, on jobs, there is at present a net outflow of some 20,000 people every day from Aylesbury Vale. Those people are commuting to workplaces elsewhere. Yes, Aylesbury is linked to London, and, yes, as the hon. Member for Milton Keynes, South-West knows, I very much support the efforts that have been made to get agreement on the orbital rail route, including a link from Aylesbury to Bletchley, but Aylesbury's travel-to-work area covers a wide circle which includes east Hertfordshire, Bedfordshire, Milton Keynes, Northamptonshire, Oxfordshire, Berkshire and west London. Commuting to work involves a large number of car journeys.

Therefore, to cope with new development without adding dramatically to traffic congestion, Aylesbury will require many more jobs. Frankly, the target approved by the Government of one job for each new house is inadequate. These days, most couples work or, in the present economic climate, both halves of a couple wish to get a job and work regularly.

Mr. Philip Hollobone (Kettering) (Con): May I point out to my hon. Friend that one job for every new house appears to us in north Northamptonshire as rather generous? The Government targets for north Northamptonshire are for 52,100 new houses by 2021 but only 47,400 new jobs.

Mr. Lidington: My hon. Friend makes his point persuasively.

The message from Government officials to local authorities about, for example, the future of the Aston Clinton Road business park in Aylesbury is that Ministers are not terribly interested in jobs—that all that really matters in keeping Ministers happy is meeting targets for house building. If that means giving up land earmarked for employment to housing, so be it. If the Minister in

[Mr. Lidington]

his reply is prepared to get up and put it on the record that that is not what the Government want, I would welcome such a statement.

Let me turn finally to infrastructure, because the provision of infrastructure and good public services is, of course, intimately connected with hopes to persuade employers to locate to the areas designated for large-scale new residential growth. Firms will move to Aylesbury only if there are good transport links for their suppliers and customers, and decent public services and a good quality of life for their employees.

There has been no shortage of warnings to the Government about the need to plan for infrastructure. The Select Committee on the Office of the Deputy Prime Minister: Housing, Planning, Local Government and the Regions stated clearly in its eighth report, which was published in 2003, that it was concerned by the absence at that stage of a clear strategy to deliver infrastructure and public services to match the Government's housing targets, and that it looked forward to such a plan being published at an early opportunity.

The independent study by Roger Tym and Partners in 2003 stated that £8.3 billion would be needed for the whole of the Milton Keynes/South Midlands sub-region. Aylesbury Vale Advantage, the local delivery vehicle, currently estimates that the capital costs—I stress that these are the capital costs only—for Aylesbury Vale district alone are about £827 million. That bill is not for the general capital plans of the district council but for development that would be needed that is directly attributable to the growth required under the Government's housing targets. I should add that the £827 million excludes anything needed as a result of the proposed expansion of Milton Keynes into Aylesbury Vale district.

So far, some £50 million has been received or pledged in Government grant or developer contributions. That money is welcome, but it is a small proportion of what is needed. For example, the latest £9.4 million that the Government have awarded to Aylesbury Vale will have to be spent on securing an improvement in electricity capacity, which is essential if any development is to take place, but which is not even part of the £827 million bill identified by Aylesbury Vale Advantage.

As the recession has begun to deepen we have seen a fall in section 106 contributions, and negotiations between authorities and developers have been getting steadily more difficult. If we are honest, we have to face up to the fact that the Government money has now been spent. I find it difficult to see where the Government will find the funds to deliver even a fraction of what will be needed, not just in my constituency but in those of my hon. Friends and other hon. Members. It is no good saying, "Oh, Buckinghamshire county council can borrow more; it is a floor authority"—meaning that it is unable to take advantage of supportive borrowing because it cannot afford to make repayments on capital borrowed—

John Bercow: I am grateful to my hon. Friend, who has been generous in giving way and is, as always, making a compelling case. Does he agree that an additional concern is that population expansion necessarily has major implications for the local health service, assessments of which are robust and on the public record? In particular, does he share my concern—I think he does—about the known time lag of up to 18 months between the arrival of new residents in the area and the processing through the system of the necessary capitation payments?

Mr. Lidington: My hon. Friend is spot on. It is no good saying to developers who might want to build a house or to residents who might want to move into a newly built house, or to an employer weighing up whether to move into our area rather than another one, "Don't worry. In a few years' time, if you are lucky, and depending on the Chancellor of the Exchequer and the council tax rates, you might get your new GP clinic, your new road or your new school." If we are going to have sustainable communities—the Government have declared that that is their ambition—such facilities must be available at the start. Those new facilities must also be introduced in a way that gives some advantage to the existing residents of the town where new development has taken place. I am hearing about incipient resentment from Aylesbury residents, who think, when they hear talk about a new school or community centre being planned for the area to be built, that they will be stuck with buildings that are in need of repair, with the new residents getting priority over those who have lived in the town for many years.

Transport undoubtedly comprises the biggest share of the £827 million bill, which includes £182 million for roads and £100 million for rail—sums that are needed directly for growth. Aylesbury is already heavily congested at peak hours. The Minister has visited more than once, and if he has arrived at peak hours he will have had to queue on one of the approach roads to the town centre. The A41 Tring road is already designated as an air quality management area because exhaust pollution levels there breach the limits set by European law.

It is not just the impact of extra houses in Aylesbury about which I am concerned, but the impact on traffic in my constituency of development in Bedfordshire, Milton Keynes and other neighbouring districts and counties. The latest estimate is that the planned housing growth will result in an increase of 38 per cent. in the number of trips made by car in Aylesbury between the base year of 2005 and the end of the housing programme in 2026. That is not just a predict-and-provide figure obtained through extrapolating current trends. That 38 per cent. increase assumes that there would be an increase of more than 90 per cent. in walking and cycling trips during that period and an increase of 70 per cent. in bus and rail trips. Even if those shifts to other modes of transport take place, the consequence of the Government's housing plans—unless something serious is done about road and rail infrastructure—will be that, by the mid-20-teens or 2020s, congestion at off-peak hours in Aylesbury will match the congestion that my constituents see in peak hours today. I can think of no greater disincentive for new businesses to think of locating in Aylesbury and, frankly, no greater incentive for businesses currently located there to consider whether they ought to leave and locate elsewhere.

I could mention a long list of items. For example, some £12.7 million is needed by the NHS for four health centres and a community hospital; £28.5 million is required for further education facilities; £123 million is needed for two secondary, eight primary and one special school; £6.5 million is needed for sports pitches; £5.5 million is needed for new residential places in day-care centres and other provision for social care; and £2 million is required for children's play areas. There is not time to go into detail about those sums, but it is important that the Minister is aware of the scale of the need.

How will these facilities be provided? The housing targets have been created by the Government, so it is fair to ask the Minister what the Government's plan is for sustainable communities and for the infrastructure and public services that they set out in 2002. A year after the White Paper was published, the Office of the Deputy Prime Minister published a document entitled, "Creating Sustainable Communities. Making it happen: Thames Gateway and the Growth Areas," which was the Department's first progress report on the sustainable communities plan. On page 5, that report stated

> "that the Government was not simply committed to the delivery of additional housing",

but that the plan

> "was committed to creating communities. That principle has underpinned our work...We want employment growth to accompany housing growth. We"

want

> "to make the growth areas attractive places in which to live and work...Alongside housing growth, we are planning for the delivery of schools and healthcare provision, for public transport and good quality public spaces, for quality and high design principles...The projects we have identified for funding in all four growth areas reflect that commitment, though this is only a start."

They thought that they had made a start in 2003. However, from what I have seen over the past seven years, and from what I see when comparing what the Government are planning for and delivering with those aspirations, there has been a sorry failure to deliver on those promises. I look to the Minister to explain what the Government's strategy is now and whether they have abandoned those pledges on truly sustainable communities.

Mr. Eric Martlew (in the Chair): Seven Back Benchers have indicated that they wish to speak, so would hon. Members bear that in mind when making their speeches?

11.27 am

Dr. Phyllis Starkey (Milton Keynes, South-West) (Lab): I agree with the three points that the hon. Member for Aylesbury (Mr. Lidington) outlined at the beginning of his contribution. First, there is a need for new housing in all the areas represented by all the hon. Members in this Chamber. Secondly, that housing should be of good quality and, particularly, of high environmental quality. I am proud that the Oxley Park development in my constituency has eco-houses of the highest quality, which have been occupied extremely quickly both by people buying them and through social ownership or social renting. Thirdly, housing needs to be provided in parallel with the necessary infrastructure underpinning it.

Although we are talking largely about physical infrastructure, I also want to stress what I describe as the soft infrastructure, which needs to accompany new communities and has always been developed in Milton Keynes, which is not yet at the end of its first development plan, a small proportion of which is still being completed. When I talk about soft infrastructure, I mean the social organisations, including voluntary organisations and other social infrastructure, that have to be developed as a community is enlarging and, in the case of the areas that the hon. Member for North-East Milton Keynes (Mr. Lancaster) and I represent, becoming considerably more diverse.

From there, we diverge, because I want to talk largely about housing need. What I say will be very different from what others say because Milton Keynes is very different from the rest of the Milton Keynes and South Midlands area. Milton Keynes is a hugely successful and highly dynamic new town or new city. During the previous recession, growth continued in Milton Keynes, albeit at a slower pace, obviously, but at a faster pace than in the rest of the country, and I am confident that Milton Keynes will also weather the current recession, and that growth will continue.

The concept of growth has been embraced by, for example, the Milton Keynes economy and learning partnership and has been set out in its economic vision, "From New Town to International City". Milton Keynes looks forward to being the 10th largest city in the UK in 2030. The superior facilities that we have—for example, our shopping centre, theatre and art gallery—surpass innumerable other facilities and are enjoyed by many of the constituents of the hon. Members ranged on the Opposition Benches. I except my colleague in the other half of Milton Keynes, the hon. Member for North-East Milton Keynes (Mr. Lancaster), because they are our joint facilities, but the constituents of all the other hon. Members are happy to come and enjoy those facilities. We all benefit from the fact that we have a superb regional theatre. We are happy to welcome the constituents of the other hon. Members to enjoy those facilities and help to make them economically viable and hugely successful.

As I said, we are different from the rest of the Milton Keynes and South Midlands area. In particular, we are different because we have more jobs than houses. Therefore, many members—one third—of the work force in Milton Keynes live outside the constituency and commute in. I accept that many of those live outside the constituency by choice. They may prefer living in a village to living in an urban area. However, a great many of them live outside the constituency because sufficient housing is not available in Milton Keynes, and they are priced out. I have innumerable examples of individuals who have moved from the north of England and got a job in Milton Keynes, but who have not been able to get a house in Milton Keynes because they cannot afford it, so they come as far south as they can, which is not as far as Milton Keynes. If more people who already work in Milton Keynes could live in Milton Keynes, the effect on the environment would be much reduced and the quality of life of those individuals would be improved.

Mr. Peter Bone (Wellingborough) (Con): I am listening with great interest to the hon. Lady's argument about how Milton Keynes has been such a success under the Labour Government. Why, then, is unemployment in her constituency 47 per cent. higher now than it was in 1997?

Dr. Starkey: Unemployment figures have increased by more than the south-east average just over the past few months, and the local economic partnership has been looking into the detail of why exactly that has been occurring. It appears that it has largely to do with the laying off of temporary and casual workers, and the

[Dr. Starkey]

suspicion is that it has to do with the downturn in the retail sector, which is very large in Milton Keynes. Clearly, the issue needs examining, but notwithstanding that, it remains the fact that we have more employment than houses available for the people who work in our area. The hon. Member for Aylesbury, in opening the debate, talked about his recognition of housing need. I want to put some flesh on the bones of the feedback from my constituents about what that housing need means.

First, there is a wholly inadequate supply of social rented housing in Milton Keynes. Therefore, many of my constituents live in overcrowded, unsatisfactory conditions. They are forced into the private rented sector, where they may pay very high rents to live in relatively poor conditions. My local council, because of the shortage of social rented housing, has a housing allocations policy. I understand how it arrived at that, but it is wholly unsatisfactory. If someone needs housing in Milton Keynes and is accepted as statutorily homeless—no one else gets access to social rented housing—they go to the council and the council will say, "Fine. You are statutorily homeless. We have an obligation to house you. What have we got available today?" That is essentially what the council says. If it does not have a social rented property available for the person, it offers them a private rented property and if they do not take it, the council has discharged its statutory obligation.

The consequence of that is, first, that the allocation of housing is seen as arbitrary—it is just a matter of luck as to what is available on the day a person turns up. That leads to a corrosive view in the community that some people are given an unfair advantage, as it is essentially a lottery. Secondly, most people are placed in the private rented sector. Those properties may be okay, but the accommodation is not stable and individuals are moved frequently. That has a hugely detrimental effect, particularly on families with children. Children are moved from one school to another at frequent intervals, on top of the instability that has already been caused by the fact that they were homeless. Hon. Members will know from their own constituencies that major causes of individuals becoming homeless are relationship breakdown, redundancy and sudden illness and disability that lead to household income loss. Those households are already experiencing huge stress. On top of that, they are put in unsatisfactory private rented accommodation.

Alternatively, people may be fortunate enough to get into social rented property. Housing association properties of good quality are still being built, but the council's own property stock has been eroded by the right to buy to such an extent that very many of my most disadvantaged constituents with families are placed in the two or three blocks of council housing that are least favoured. They have to share wholly inadequate, overcrowded accommodation that suffers high levels of condensation and damp with various other people who have severe social problems, often associated with alcohol addiction, drug addiction or other unfortunate behavioural characteristics. That compounds the problems that those families have.

I am laying it on thick because it is incredibly important that when we talk about housing need, we spell out what the housing need is and what the consequences are of not meeting those housing needs. I have talked about social rented housing, but of course the—

Mr. Lancaster *rose*—

Dr. Starkey: On that particular issue, I will give way.

Mr. Lancaster: This is actually on the broader point, to be honest. The hon. Lady talked about being very keen to listen to her constituents' views. Will she take this opportunity to explain to her constituents and mine why she feels so strongly that they should not be trusted to help to deliver the future of Milton Keynes; why they should not be trusted to vote in local elections to allow Milton Keynes council to be the sole planning authority to decide the future of our city?

Dr. Starkey: I do not accept the hon. Gentleman's premise and I will not be turned away from what I believe is the priority for my constituents—homes for them and for their young people—and led into a spurious argument that simply plays into his political agenda, which I am sure will be well expressed by the massed ranks of Tory MPs present.

John Bercow *rose*—

Dr. Starkey: I will give way to the hon. Gentleman, but I want to be able to put the point of view of my constituents.

John Bercow: I accept what the hon. Lady says about making her own case—who could deny it?—and she is making an important point about housing need. I do not cavil at that. One can argue the toss about overall numbers, but she is making a persuasive point. The question is this: does she accept that, even if that need is precisely as she describes, the development required to meet it still has to be sustainable? That raises the critical question of the level of infrastructure and who pays for it.

Dr. Starkey: I absolutely accept that point and I will come on to the issue of infrastructure, but I suspect that everyone else will talk about that and I want to redress the balance and focus the debate on people, including families, children and elderly people, who need decent housing. All of us have access to decent housing—more-than-decent housing. It is important that I speak for the people in my constituency whose voices are far too often not heard in this argument. In my view, the emphasis is disproportionately on people who already have houses and is not on those who do not. The others who need new housing are those who could afford to buy if they were given some help, particularly young people.

Two big groups in my constituency frequently want to speak to me about housing. The first is those young people in work—hard-working, thrifty families who cannot afford to buy a house, even in Milton Keynes, without the additional help of shared ownership or other schemes. The Milton Keynes development corporation—it is a quango established to deliver housing—has been at the forefront of developing shared ownership. The tenure of shared ownership is therefore well understood by people in Milton Keynes, and it has made a greater contribution to the housing stock in Milton Keynes than it has in most other areas. However, young people who want to buy their own homes are not able to do so because the house-building rate has not been fast enough, and because there is a total lack of liquidity as a result of the bigger problems caused by the housing market during the boom and the opposite.

The second group is the parents. They have homes, but they do not have the additional capital to help their children acquire a home. They are distressed because their sons and daughters are not able to get a home before starting their families; and many are distressed because their sons and daughters are still living with them, plus or minus various partners and small grandchildren, whom they love dearly but, to be blunt, with whom they would rather not have to share their home.

Those two groups continually say that more houses are needed. Some may say, "We need more houses, but not next door to mine." However, they all say that more houses are needed, that they need to be built more quickly and that they should be affordable.

I welcome the steps that the Minister has taken thus far to keep housing building going at the planned rate. Those measures have partly been successful. I cite the HomeBuy Direct scheme. There are a number of examples in my constituency of partnerships between Government and developers that allow homes to be offered for sale with equity loans of 30 per cent. Those schemes are working, but they are not big enough. We need more.

I also welcome the initiative taken by the Government's HomeBuy agency, which has been a catalyst in Milton Keynes. It held a special event late last year at which information and advice was given to people on exactly how to make best use of the various schemes—My Choice Homebuy and others—to help people buy their own home. I know that 909 households living in Milton Keynes registered with those schemes, and that in mid-November, only a few weeks after the event, 30 had already successfully used the Homebuy scheme. I welcome those schemes, but they are not enough. I urge the Government to do even more to ensure that we continue house building in order to meet housing need.

I said that I would talk about infrastructure. The original Milton Keynes development plan was successful because housing and infrastructure were planned from the start, and were delivered in parallel.

Mr. Eric Martlew (in the Chair): Order. I remind the hon. Lady that others wish to speak.

Dr. Starkey: Indeed, Mr. Martlew.

The Milton Keynes Partnership pioneered the infrastructure tariff—the forerunner of the Government's community infrastructure levy—which funds development in parallel with housing. For example, we have the biggest school building programme in the country. The Members for both Milton Keynes constituencies have opened new schools to meet the pupil need. Those schools were built before all the houses in the catchment areas had been built; they then grew as the areas grew. We have also had massive investment in our health system. We have had new GP surgeries and dental surgeries—the hon. Member for North-East Milton Keynes recently opened a dental surgery—and the hospital has been expanded.

That is very different from the situation in 1997, when I was first elected. Health provision then did not meet the needs of the population. However, it has now expanded, as has the annual funding, and it is now more or less in balance with population growth. None the less, it needs to continue growing as the population increases.

There is also the transport infrastructure. I think particularly of the improvements to junction 13 on the M1 and the extra platform at Milton Keynes Central station. Regrettably, some of the gilt was taken off the latter because of Network Rail's mess-ups in January, when the west coast main line completely seized up. Infrastructure should improve in parallel with the increase in housing. The Milton Keynes Partnership tariff allows for forward funding, so that the infrastructure can be put in place despite the fact that the housing development takes place later; we know that the developers are committed to topping up the fund.

I suggest that the rest of the region gets its act together, as has Milton Keynes. All local councils should draw up proper infrastructure plans and work with developers and the Government to ensure that those plans are achieved.

As for the kind words of the hon. Member for Aylesbury about the east-west rail link for Aylesbury, I am more than happy that Aylesbury is getting its station paid for. However, I hope that Aylesbury Vale district council will commit itself to approving the housing that it is supposed to, to help fund those railway improvements; it should not say that it wants the infrastructure but not the housing. We need to have both in parallel; just as we need infrastructure with the housing, so we need the housing with the infrastructure.

11.46 am

Mr. Philip Hollobone (Kettering) (Con): I congratulate my hon. Friend the Member for Aylesbury (Mr. Lidington) on his wonderful opening address. I shall keep my remarks short, out of respect for my colleagues who also wish to contribute to the debate.

North Northamptonshire, of which Kettering is but a part, is the biggest single growth area outside London. Under the Government's plans, the population is expected to grow to more than 370,000 by 2021—the equivalent of a city the size of Bristol. There are meant to be 52,100 new houses and 47,400 new jobs. More than 2,100 new houses were built in 2006; under the Government's projections, that is set to rise to 3,700 a year in the coming years, although I doubt whether it will be achieved. That growth is faster than in the Thames Gateway or Milton Keynes. The lesson from north Northamptonshire is that the infrastructure is not being provided as promised.

For instance, the A14, a Highways Agency road that runs through my constituency, is a key part of the growth of north Northamptonshire, yet we are still awaiting a Government announcement on what is to happen to that road. When first elected to Parliament in 2005, I started asking questions of the Department for Transport about when the Highways Agency would publish its plans for improving the A14 near Kettering. I was told by the Transport Minister in October 2006

[Mr. Philip Hollobone]

that he had asked the agency to finalise the A14 Kettering bypass widening options study by early 2007. Here we are in early 2009, and still no announcement has been made.

The A43 between Kettering and Northampton is the most dangerous, busiest and most congested road in Northamptonshire. The right hon. Member for Kingston upon Hull, East (Mr. Prescott) axed it from the road improvement programme in 1999, and it is still not to be found in a funding scheme. Indeed, references to dualling in the north Northamptonshire core spatial strategy have since been removed.

Kettering urgently needs an eastern bypass if it is to accommodate an increase of one third in its housing stock by 2021. However, the north Northamptonshire core spatial strategy states that

> "transport modelling indicates that this road is not essential for development".

I say to the Minister that that is absolute nonsense, and that Kettering will simply grind to a halt unless it is provided.

The rail service from Kettering to London has been scaled back, and the rail service from Kettering to Leicester has been halved since the new timetable was introduced in December. Unemployment in north Northamptonshire stands at 5,300, compared with 4,000 in 1997, and has risen by 50 per cent. in the past year alone. The Minister's sustainable communities plan for my constituency and north Northamptonshire will not be sustainable unless it enjoys popular support. This is a wonderful opportunity for the Government to use the background of the recession to pump-prime investment into north Northamptonshire by introducing infrastructure projects. That will help to address local concerns about the scale of the development.

[Mr. John Cummings *in the Chair*]

I leave the Minister with one request. This week will he please get in touch with the Department for Transport and insist that early in this new year an announcement be made about how the Government will improve the A14, because unless that is done, the Government simply will not get the extra houses that they require in north Northamptonshire and my constituents will remain extremely concerned about the lack of infrastructure.

11.51 am

Andrew Selous (South-West Bedfordshire) (Con): I, too, shall be brief, like my hon. Friend the Member for Kettering (Mr. Hollobone).

The hon. Member for Milton Keynes, South-West (Dr. Starkey) does not have a monopoly of concern about housing need—it is shared by all my colleagues in the Conservative party. We want to do something about it, which is why I backed plans by South Bedfordshire district council to build well over 10,000 houses in my constituency. That would have more than met local housing need in my area and provided additional houses for her constituents and others in the region. However, to ram into those four areas around London a super amount of growth, without the necessary jobs, transport links and other infrastructure, is unacceptable. That is the broad concern shared by my colleagues in the Conservative party.

I shall localise the issues to my constituency as quickly as I can. In Leighton Buzzard and Linslade, there is intense irritation that before the Minister's boss, the Secretary of State for Communities and Local Government, is a proposal for 900 houses to the west of Linslade, in the constituency, I think, of my hon. Friend the Member for Aylesbury (Mr. Lidington). I had to write to the Government office for the south-east in Guildford about this matter. I wish that the Minister could have come with me to a public meeting that I attended where several hundred of my constituents turned up on a cold December evening to express absolute amazement at the proposal, which is not even favoured by the committee that the Government set up. It was against it, but the Government changed the rules that they themselves put in place. Will the Minister speak to his boss and kick that proposal into touch forthwith?

Leighton Buzzard is a mediaeval market town, which the Minister was kind enough to visit on 27 March last year. He might remember that we could not drive around the whole town—our minibus had to turn back, such was the traffic. My hon. Friend spoke about the traffic in Aylesbury, too. We cannot expand mediaeval market towns indefinitely, with later additions and central road systems that cannot cope with ever more outlying estates. Many people in Leighton Buzzard travel to shop in Bletchley, because it is quicker to get there than to drive from one side of Leighton Buzzard to the other. We are not creating a sustainable community, but simply adding to carbon emissions. We might be adding to retail profits in Milton Keynes, but we are not doing much for the economy of Leighton Buzzard or for my constituents. We do not have enough local jobs. My area has lost about 500 jobs over the past seven years. A genuinely sustainable community should have a balance of houses and jobs, so that people can work locally. They might have caring commitments for sick or elderly relatives or young children. Not everyone wants to get up very early and catch a train in the morning, if they can get a job out of the area. We need to think about that.

A proposal has also been made for an extra 200 homes off Stoke road in Leighton Buzzard. I have similar concerns about that as about the west Linslade urban extension. We also desperately need a bypass to the north of Dunstable—the other major town in my constituency—to which two objections were raised recently: one was that the Government had not yet decided whether they would widen the M1 or use hard-shoulder running. I think that a decision is imminent and that something can happen quickly. After that, we can deal with the second objection: air quality. I understand that the new chief at the Highways Agency has a practical proposal to deal with that. If we can nail those two issues, we can get on and announce that road. In 2006, the then Secretary of State for Transport, the right hon. Member for Paisley and Renfrewshire, South (Mr. Alexander) said that the road would be the first priority for any slippage on any scheme in the east of England. I intend to see that commitment to the House honoured.

Furthermore, Houghton Regis—the third smallest town in my constituency—is desperately short of even the most basic facilities. Football players and bowls players have to use sports clubs that lack even the most basic facilities. We were told that there would be no new houses without the infrastructure—that is the reality at the moment—but we want to deal with local housing need. We are generous people, so we will make a contribution to the needs of the wider area, but it must be sustainable. When the Minister came to my constituency last year, he said that he would take issue with allegations that the Government were forcing local authorities to provide housing—I made a note of that when he spoke to Leighton-Linslade town council—but that is not how that is seen locally. It is seen as a denial of local democracy. I echo everything that my hon. Friend the Member for Aylesbury said about that. That denial is dangerous. The power of the ballot box has to matter and be able to change things locally. People do not see that happening, and the Government should really be worrying about that.

John Cummings (in the Chair): Three hon. Members wish to catch my eye, and I intend to begin the Front-Bench winding-up speeches at 10 minutes past 12. If Members bear that in mind, all three will have time to make their contributions.

11.56 am

Mrs. Nadine Dorries (Mid-Bedfordshire) (Con): Thank you, Mr. Cummings. I wanted to focus on the growth forecast for Milton Keynes and the premise on which that growth is predicted, but given the time restrictions, I shall instead focus my comments on one area in particular. First, however, I should like to thank my hon. Friend the Member for Aylesbury (Mr. Lidington) for securing this debate. I have attempted to do so many times, but I am delighted that he succeeded, because his speech was incredibly erudite and compelling. He did a far better job than I could ever have done.

I shall talk about the 2,000 residents of Aspley Guise in Bedfordshire. So that the Minister understands where I am coming from, I shall describe Aspley Guise: it is one of the most beautiful areas in Bedfordshire. It is a village made up of Tudor cottages; it was mentioned in the Domesday Book; it is surrounded by green-belt land; it is a chocolate-box village, which are traditional in England—the kind of village that one imagines when talking about the typical British village. It also has a unique, supportive and strong community. People in Aspley Guise very much identify themselves with the area and the village, and it is an honour to be a Member for a constituency with such a strong community.

Aspley Guise is threatened with being subsumed by the expansion of Milton Keynes and becoming part of what is, or will be, a modern city. Obviously, the 2,000 residents of Aspley Guise object strongly to that, for a number of reasons, one of which is that they fear losing their identity and culture. They worry that the village will cease to exist and become part of a modern city. Those 2,000 residents are hugely concerned about that.

I can do no better than put it in the terms expressed by councillor Fiona Chapman. Imagine that someone has a big house and wants to build an extension and that, rather than applying to have it built in their own garden, they apply to build it further away in the garden of someone else's smaller house. That is how the residents of Aspley Guise feel. They believe strongly that the expansion of Milton Keynes should take place within the boundaries of Milton Keynes and that a good area of green-belt land should surround Aspley Guise as a buffer between Bedfordshire and Milton Keynes expansion. They feel very strongly for a number of reasons. They understand that the 224,000 proposed new homes were based on a predicted jobs growth of 192,000. That was not realistic even then. As we know, Milton Keynes had just 0.1 per cent. economic growth at the time, when the rest of the region was benefiting from a growth of 0.6 per cent. Today, David Frost from the British Chamber of Commerce spoke about the dire situation for economic growth and businesses in the UK.

Aspley Guise residents and I should like to ask the Minister why he thinks that we need completely to subsume a village on the basis of economic growth forecasts that we know will not be realised. I shall finish quickly, because I know that my colleagues want to speak. As the Minister has been an assiduous and efficient chairman of Milton Keynes and South Midlands, will he come to Aspley Guise to look at the area and meet the people and listen to their concerns? Unlike the previous ministerial visit, I guarantee that it will be a calm, beneficial and warm meeting. So, when the Minister is in the Milton Keynes or the Bedfordshire area, will he do us the honour of paying us a visit, so that he can see for himself the area that will be destroyed by the growth of Milton Keynes?

12 pm

Mr. Peter Bone (Wellingborough) (Con): It is a great pleasure to follow my hon. Friend the Member for Mid-Bedfordshire (Mrs. Dorries). I also want to congratulate my hon. Friend the Member for Aylesbury (Mr. Lidington) on securing this debate and on making such a powerful speech. I totally agree with all the comments made by my hon. Friends. I should like to mention a different area, however. In some respects, it is the elephant in the room that has not been discussed.

In Wellingborough, unemployment is 40 per cent. higher than it was in 1997. As my hon. Friend the Member for Kettering (Mr. Hollobone) said, we have 52,000 new homes proposed and a road structure that is incapable of dealing with what we have at the moment. The issue that concerns me is the migration from Europe. In one year, in the most up-to-date figures that I have from the Office for National Statistics, 7,000 migrants moved into Northamptonshire to stay for more than one year. We do not have the jobs at the moment. As I said, unemployment is 40 per cent. higher than in 1997. We did not have the boom, but we have certainly had the bust.

If politicians of the main political parties do not discuss the problem of migration, it could lead to extreme parties coming in. Unfortunately, I now have the British National party in my area. It makes the simple case that people cannot get jobs because foreign workers have taken them. That is untrue and unfair, but there is a danger that that view will be developed and that reasonable people will vote for such parties because we, as mainstream politicians, are not discussing the issue in great detail. As there is already a huge amount of unemployment in my constituency and in other parts of Northamptonshire, we face a real danger if this migration continues.

It may well be that the migration does not continue. The Government have already said that up to 30 per cent. of the new homes will be for migrant workers. If

[Mr. Peter Bone]

those migrant workers are not going to come because the jobs are not here, do we need that growth in housing? Presumably, we could cut the figures by 30 per cent. We must discuss that issue in a calm way; otherwise, we will allow extremists to come in and do great damage in Northamptonshire.

12.3 pm

Mr. Brian Binley (Northampton, South) (Con): I thank my hon. Friend the Member for Aylesbury (Mr. Lidington) for obtaining this debate, which is very well timed and presents a valuable opportunity to hon. Members who are affected by the sustainable communities project. I pay tribute to the Minister, who was good enough to visit Northampton. He showed a great interest and willingness to listen and to learn. We are lucky to have such a man, and it gives us hope. *[Interruption.]* It will be a pint later, Iain.

May I make one simple point? The Government's plans for the number of houses have gone to the wall. The overview of the infrastructure needs has never been properly created, and we have never really understood where the money is coming from to pay for that infrastructure. We have talked quite sizeably about money from the private sector. I can tell the Minister that whereas prepared land cost £1.4 million an acre 12 to 14 months ago, we would be lucky to get £600,000 an acre now. That means that there is not the leeway within land values to provide the sort of infrastructure that the Government hoped they would be able to provide from that source. I plead with the Minister to review that particular project now, as it impacts on Northamptonshire and on the constituencies of my colleagues here today. Much of the original thinking, which was not very deep at the time, has gone out of the window because of present circumstances. Those circumstances will have a sizeable impact for the next 20 years. By that I mean the time frame that we were talking about in the original Rooker report in our part of the world.

My second point concerns rail transport. After I have discussed it, I will sit down, Mr. Cummings, because I appreciate your concerns, too. We are on a secondary loop link from London. There is no doubt that much of the rationale for the sustainable communities policy as it was originally envisaged was to solve housing problems in London and the south-east. Our projected indigenous population growth is very small. We assume that most of the incoming people will be from London and the south-east, which means that the rail connection is vital.

The Minister will have read of the problems that we have had over a lengthy period, which have been heightened over the past two weeks. I am told that more than 100 trains have been cancelled since the new timetable came in at the beginning of December, that there are not enough drivers to man the trains, and that the new link from the north-west is not performing as it should do. All of that is impacting dramatically on the present population getting to their jobs in London. When we have the sort of increase that the Government are projecting, the problem will be added to. I urge the Minister to consider that issue specifically within the overall review of the sustainable communities project for which I am calling. If the Government do not deal with the totally changed set of circumstances, they will create insoluble problems for the future for local planning authorities, urban development corporations and the delivery vehicles. I want a total rethink of the matter. I am not talking about the need for extra housing, but about how we are going to put into effect the sustainable communities programme that the Government wish to proceed with and which we wish to help with, provided it is not too much of a burden for the constituencies and the areas in which we live.

12.8 pm

John Bercow (Buckingham) (Con): The direction of housing growth at Aylesbury is the subject of continuing debate, not least at local level, and notably between advocates of the southern arc on the one hand and the eastern arc on the other. The Minister will be relieved to know that I am not inviting him or expecting him to intrude into private grief on that subject today, or necessarily at a later stage. I want to make one simple plea to him.

Whichever arc goes forward as the accepted option, there is a consensus locally—I am looking with eager anticipation in the direction of my hon. Friend the Member for Aylesbury (Mr. Lidington)—that the eastern link road will be essential to the sustainability of the development. Buckinghamshire county council has secured between £3 million and £4 million towards the design work for that road. It is not unreasonable for the county council to look for further finance, both because of the centrality of the road and on account of the fact that Aylesbury Vale, at the request of the Government, is undergoing a proportionately larger expansion than, I think, any other area of the country. I look forward to the good will and positive commitment of the Minister.

12.9 pm

Julia Goldsworthy (Falmouth and Camborne) (LD): I congratulate the hon. Member for Aylesbury (Mr. Lidington) on securing this debate and I congratulate all hon. Members who have spoken—they have made the case on behalf of their constituents and raised their concerns. I shall try to be brief to allow the Minister as much time as possible to respond.

The hon. Member for Northampton, South (Mr. Binley) said that the Minister was lucky. I am sure that he feels very lucky to have the pleasure and responsibility of responding to debates of this nature, but it feels like groundhog day because there are so many in Westminster Hall. There is a consensus that there is a massive unmet housing need, but there is frustration—not only in the region that we are talking about, but the whole country—because the process is the wrong way round. Local people do not feel that they have an opportunity to speak or that what they say will have an impact on the outcome. We end up having so many debates in Westminster Hall on such matters because they provide the only opportunity for Members to raise their constituents' points.

The organisations that take the decisions lack accountability, but so does the process. I have spoken in such debates before, as colleagues have, and tried to gain an understanding of the process and to see how we could make an impact on it, but we have debates when the regional Minister is absent, which leads to questions about their role in decisions. At least, in this case, we have the chairman of Milton Keynes and South Midlands inter-regional board—the Minister—responding to the debate, so there might be some accountability. However, in all too many cases the right Minister is not present.

As the hon. Member for Milton Keynes, South-West (Dr. Starkey) highlighted, Milton Keynes is different from other parts of the region, which raises the question why the region is carved out as it is. There are major accountability issues, which should be tackled if the Government are keen for people to buy into the process. Hon. Members are more than prepared to make the argument for meeting the housing need, but without accountability it is difficult to counter cynicism, even if the Government show willing.

The issue is important because people are concerned that the sustainability of their communities is being undermined. They are worried about the impact that changes will have on their communities from a social perspective; the hon. Member for Mid-Bedfordshire (Mrs. Dorries) made that point well. The proposed changes will not only mean that communities grow, but that they will change altogether, so the matter needs to be treated sensitively. The hon. Member for Milton Keynes, South-West made a valuable point when she spoke of the need to ensure that we have soft infrastructure. We need to support growth, but we should not undermine what exists. The danger is that the process does just that.

The major environmental issues in the south-east were raised, such as access to water, and the impact of building on greenfield sites and of not protecting the green belt. Because of the planning process, developers have every incentive to develop sequentially, and we can guarantee that the greenfield sites will be the first to be identified. That needs to be addressed.

Ultimately, everything boils down to the economic sustainability of the plans. Hon. Members have already questioned the numbers of jobs and houses that will be generated, and we are now living in a completely different climate. There are Government announcements day after day on what they are doing to tackle the economic downturn, so I am at a loss about the continuing denial about housing numbers. The fact is that the Government's target for house building is not being met. The jobs are not there, and the construction industry faces huge difficulties, and the Minister and the Department for Communities and Local Government must adapt to reflect that changed world.

There are some practical things that the Government could do. The new situation does not mean giving up on meeting housing need, because if anything the need for social housing will be even greater. What are the Department's plans to meet the changing need? For example, if properties are not being developed in the private sector, and if there is greater need for social housing, what can it do to meet the new need? Could the Minister show some flexibility on the percentage grant for social housing, and can any money be brought forward? How will he respond to the Taylor report, which focuses on building economically sustainable communities, and not simply massive urban extensions, to safeguard the sustainability of existing communities as well as provide for future housing need? Practical steps could be taken.

I would like the Minister to say that he is prepared to listen to the views of the constituents whom hon. Members have represented today. Will he provide a reassurance that the targets will not be set in stone, to be pushed forward regardless of those views, in the light of the changed economic realities with which we now live?

12.15 pm

Mr. Stewart Jackson (Peterborough) (Con): It is a pleasure to serve under your chairmanship, Mr. Cummings. I congratulate my hon. Friend the Member for Aylesbury (Mr. Lidington) on securing this timely and important debate, and on his assiduous and consistent advocacy for his constituents. We have discussed such things on a number of occasions, regarding a number of areas, in the past few years, including the M40, the provision of health services in Milton Keynes and funding. As Yogi Berra, the American sports coach, said, it is déjà vu all over again. It is regrettable that the hon. Member for Milton Keynes, South-West (Dr. Starkey) filibustered for 18 minutes on the tangential issue of housing in Milton Keynes, rather than address the substantive issue, when so many other hon. Members wished to represent their constituents. I hope not to repeat what my hon. Friends said, but I congratulate them on making the effort to represent their constituents eloquently and determinedly in the debate.

I hope that the Minister heard what was said about planning policy statement 3 and the sleight of hand that is being used to encourage more development on green belt land. The Campaign to Protect Rural England estimates that up to 75 per cent. of housing could be built on green belt land in the Milton Keynes South Midlands area. I also hope that he is thinking about transport infrastructure, and specifically about the 2003 independent study by Roger Tym and Partners, to which my hon. Friends the Members for Buckingham (John Bercow) and for Aylesbury referred. He will know that the South East England Development Agency estimates that £25 billion is needed to finance infrastructure planning as a consequence of housing built under the sustainable communities plan. That will not be funding by section 106, the Milton Keynes supplement or planning gain supplements—I am talking about roads, schools, clinics, bridges, hospitals, community centres and so on.

Energy and water infrastructure are also important. When the Minister speaks, he could address the fact that the current constitution of the regulatory system militates against long-term planning for facilities by, for instance, EDF, in the Aylesbury area, as my hon. Friend the Member for Aylesbury has said.

It is ironic—one is entitled to be cynical—that at its launch in July, the Secretary of State said that

> "the White Paper provides real and practical ways to put communities in control…Politicians have a contract with those that they serve – that contract now needs to be rewritten to ensure that the needs of real people are taken more into account."

That simply has not happened in the past few years.

In the Local Democracy, Economic Development and Construction Bill, the Government missed an opportunity and have failed to right the wrongs of too much central control. They had an opportunity to transfer power downwards to local people but, instead, they have junked regional assemblies, and intend to vest unprecedented planning powers in the hands of the

[Mr. Stewart Jackson]

regional development agencies. As we know, buried in the small print of the Bill is the capacity to create new, unelected economic and transport quangos, which is in effect a green light for yet more stealth taxes on our constituents.

The Bill also strips away the last vestiges of democratic accountability at regional level by giving major housing and planning powers to unelected appointees of regional development agencies with reserve powers for Secretaries of State to revise or completely disregard regional plans as they see fit. That is an example of Labour's Stalinist quango state of unelected party elites. It is not a way to proceed—*[Interruption.]* I am glad that the Minister is easily amused.

I wish to mention some other specific areas that my hon. Friends have mentioned. Obviously, the regional spatial strategy is a flawed process. It is unaccountable, distant, and undemocratic and corrodes people's faith and trust in the planning system, which is bad for local democracy. My hon. Friend the Member for Wellingborough (Mr. Bone) made an apposite point on the impact of migration from the EU and elsewhere. He is absolutely right that it is incumbent on mainstream parties to talk about those issues and their impact on the delivery of public services. Otherwise, the extremists in our midst will make hay and undermine the system, which is what they intend to do.

Andrew Selous: My hon. Friend referred to the point made earlier by my hon. Friend the Member for Wellingborough, and I can tell him that the British National party is leafleting this week in Leighton Buzzard on that issue. I say to the Minister that this is a real threat that we need to be serious about.

John Cummings (in the Chair): We are running short of time and I will soon have to call the Minister.

Mr. Jackson: Thank you, Mr. Cummings. I will not be too much longer. I will not be able to develop all of the points that I would have liked to make, but I reassure hon. Members today that a Conservative Government would abolish regional spatial strategies, facilitate their post facto review, get rid of the floor density and housing targets, legislate for proper consultation at the local level with local councils and other stakeholders and revisit the flawed Barker report, which is the basis of the Stalinist housing targets across the south-east of England and the rest of the country, which are crazy, especially in light of the economic downturn in the housing market. We will also revisit the projections of the Office for National Statistics on demography and population change. A Conservative Government will give power back to local people and restore local civic pride.

12.22 pm

The Parliamentary Under-Secretary of State for Communities and Local Government (Mr. Iain Wright): I begin by welcoming you to the Chair, Mr. Cummings, and wish you and other Members a happy new year. I must also apologise to you, Mr. Cummings, as I am afraid that I have three Adjournment debates today and you will be seeing rather a lot of me. This debate was a good start. It was a high-quality, well-argued debate, so perhaps I will now bring the average down.

I congratulate the hon. Member for Aylesbury (Mr. Lidington) on securing the debate. Future growth of housing is of critical importance across the country, and it is essential that we have a good, mature debate and a positive and constructive conversation about the right way forward. As he said in his speech, I visited Aylesbury in October in my position as chair of the Milton Keynes and South Midlands inter-regional board, and I was pleased to see the progress that had been made there. The growth of Aylesbury is important to the success of the sub-region, and a successful sub-region there, given its location, is important to the entire country. Its strategic location and its close proximity to London and to world-class universities such as Oxford and Cambridge, as well as the centres of higher education in its own area, means that it is well positioned to play a leading role in the UK economy as we move forward in the 21st century. It is important that we facilitate growth and development in that regard. I was pleased to see a report—my hon. Friend the Member for Corby (Phil Hope) mentions this to me on a regular basis—by Oxford Economics claiming that Corby, which is in the north of the sub-region, was the best placed of any town in the country to weather the current market conditions.

I know from my visits throughout the region, which I really enjoy, and my meetings with people across the sub-region, that there is huge potential and ambition in the area. Council leaders and delivery partners have great ambitions for the future of the area, and the important vision of how growth can benefit existing and future residents was captured in today's debate by my hon. Friend the Member for Milton Keynes, South-West (Dr. Starkey).

Three themes have been raised in the debate, and I would like to address all of them. The first is the need for more homes, and not just any old places, but quality homes built with local consultation. I absolutely agree with that. When I last visited Milton Keynes, I went to the Oxley park development and was really impressed by its sustainability and the high-quality environmental materials used. I hope that that model can be applied across the rest of the country.

The second theme relates to jobs and how we cannot have a mismatch between housing and jobs. Again, I agree with that approach. The third theme relates to the key element of infrastructure, which has to be well planned in conjunction with local needs. That is the key theme, because we cannot think of any of those aspects in isolation. The location of homes needs to be thought about in close relation to the location of enterprise and employment areas, and the infrastructure and public services to help service those areas are absolutely key. The approach suggested by Opposition Members today runs contrary to the concept of the benefit of planning and of bringing everything together to ensure that we do not think of things in isolation.

I will now look at the need for more homes. On his website, the hon. Member for Aylesbury states that almost everyone agrees that new homes need to be built, and it was pleasing to hear every hon. Member who has spoken today state that that is important. There is a broad national consensus about the need for more housing in the country, but I think that my hon. Friend the Member for Milton Keynes, South-West was right in saying that people genuinely believe that we need more housing, but want it built nowhere near them, and we need to combat that. I was disappointed to see that the hon. Gentleman had put his name on the petition on the No. 10 website to say no to new homes in his areas, because without new homes people will have to move away from where they grew up in order to get a roof of their own.

There is a question of affordability. The ratio of house prices to average salaries in his area of Aylesbury is nine, meaning that house prices are nine times the average salary. That is not sustainable in any sense of the word. I would hate to see a situation in his constituency in which people who grew up in Aylesbury were forced out by higher prices. We need to address that by providing more affordable housing and more social housing. That is vital for combating that real social problem.

The past 30 years have seen a 30 per cent. increase in the formation of households but a 50 per cent. drop in house building. There are 200,000 people in the south-east on waiting lists for affordable housing and over 37,000 on waiting lists across the Milton Keynes/South Midlands sub-region, with over 2,500 in Aylesbury. We simply cannot afford to ignore that, because it is of absolutely vital importance. Good, long-term planning is key. Yes, it should be done in consultation with the local community, but it is vital if we are to address those real concerns.

I do live in the real world and recognise that the circumstances in the housing market at present are obviously very difficult, but there is no evidence to suggest that those long-term demographic changes are altering at all. Thankfully, we are all living longer, so we have an ageing population. Given social changes, such as more single people living alone, those trends will continue. I suggest that failure to act and plan for more housing now would simply store up problems for the future and that that would be irresponsible. That is my response to the hon. Member for Falmouth and Camborne (Julia Goldsworthy), who questioned whether we should look at changing the targets. Given that the statistical evidence behind those targets is very robust and that it includes long-term demographic factors, we have to do it. Yes, in the current economic climate it will be difficult to get back up to the necessary speed and trajectory, but it has to be done, and the Government are up for the challenge.

An awful lot was discussed in the debate, and unfortunately I do not have the time to address all of it, but I want to mention one last point before concluding, and that is the point about planning and not looking at things in isolation. I absolutely agree with the sentiments expressed by those on the Opposition Benches on how housing must be thought about in terms of long-term planning, together with employment and infrastructure, but some of the suggestions made today, not least by the hon. Gentleman, run contrary to that. I think that he was trying to say that we should return to emphasising windfall development and ad hoc planning so that, when a site becomes available, we embrace it for planning, and I think that that view is wrong. It is not the right approach. Long-term planning for the future, bearing in mind the various pressures and circumstances, are absolutely vital. The ambition in the sub-region for—

John Cummings (in the Chair): Order. We need to move on to the next debate.

Affordable Housing (Durham)

12.30 pm

Dr. Roberta Blackman-Woods (City of Durham) (Lab): The Minister will be aware that I have been concerned for some time about the supply of affordable homes in Durham. I thank him for speaking at the seminar that I held a year ago in Durham to raise the profile of the issue. It would have been nice if that seminar in September 2007 had led to a change in attitude by the Liberal Democrat council and if it had taken more seriously since then the issue of improving the supply of affordable homes, particularly family homes. Alas, I must report that that is not the case.

It was therefore surprising to me and a great many of my constituents that although an Audit Commission report published in August 2008 acknowledged severe weaknesses in Durham's strategic housing services, it commended the city for its affordability record. Initially, I thought that the local paper must have been reporting incorrectly, and when I read the Audit Commission report, I thought that the city council must have been building secret housing estates somewhere in Durham of which I as a local resident was simply unaware. The truth, of course, was not as sinister as that, but only just. Nobody in their right mind could think, based on the evidence available, that Durham city's record in recent years of providing affordable homes could be good, let alone effective, so I decided to investigate further.

I hope to put the record straight and flag to the new unitary authority in Durham, which will come into being this April, the appalling housing legacy that it will inherit from Durham city council. I am speaking today about the lack of affordable housing, but the record on council house repairs and the decent homes standard is probably even worse. Council tenants are definitely not a priority or a concern for the Liberal Democrat council. I place the blame for poor housing services firmly on the lead councillors, not the hard-working council staff who work in difficult circumstances to deliver the best service they can. However, even the Audit Commission report listed that service as only fair, giving it one star. At one point, it referred to the council as one of the worst performing in the country.

The issue of affordability was of huge importance when I raised it before the credit crunch, but now it has particular pertinence, as the downturn in the housing market is leading more people to seek affordable and affordable rented housing. In its brief to me for this debate, Shelter noted a rise in the number of people on housing registers in the area. It also noted that 272 households are currently homeless in Durham and that repossession claims had risen 3 per cent. from last year. Data from the National Housing Federation state that Durham's rate of new homelessness, 5.2 per 1,000, is the highest in the county and the third highest in the north-east. Waiting lists for social housing are also longer than the national average. Affordability has always been an issue in Durham, but the NHF reports a massive affordability ratio of 8.4 per cent., the highest in the county.

The Audit Commission report said that Durham had developed 300 properties for sale and 60 for rent with £19 million from the Durham Villages Regeneration

[Dr. Roberta Blackman-Woods]

Company partnership—a joint initiative between the local authority and a private company—that had been channelled into social housing or community projects.

There are two big issues to address. First, the figures for housing completions in the Audit Commission report are quite modest, but the claim that DVRC invested substantially in social housing led me to examine the social rented housing figures further. I started with the statistical appendix to the housing strategy for 2006, which I eventually found after some hunting on the website of the Department for Communities and Local Government. Interestingly, the appendix showed no new local authority dwellings for 2005-06, and only 36 planned for registered social landlords.

I was bewildered to discover that the DCLG table for social rented homes in Durham showed 130 homes built that year; hence my view about secret housing estates. I thought that somebody must be building houses somewhere that none of us could see materialising. I contacted local RSLs to ask whether they had built houses that no one knew about. Of course they had not, so I went back to the tables. How come completions were zero and 10 respectively for 2003 and 2004 but 130 for 2005?

I remembered that not long after I was elected, I had opened a new housing complex built by an RSL for postgraduate students at Durham university, so I inquired at DCLG whether that could be the problem. Apparently, the DCLG figure inaccurately recorded that student accommodation as local authority-owned housing that would contribute to social renting locally, but the DCLG figure also appeared to have been inflated by the inclusion of some DVRC housing. That is especially the case for 2006-07. DCLG figures for that year show 240 completions for social rented housing in Durham. Now I really was in the realm of secret housing estates. That time, of course, the figure was totally incorrect. The sole reason for it was that 184 of the houses built for sale by DVRC had been listed as local authority-owned and presumed by DCLG and others to be social rented housing.

I have asked that the figures be corrected, and to be fair, the Government have issued new ones. Instead of 88 completions for 2005-06, 184 for 2006-07 and 99 for 2007-08, the figures now read: zero, zero, zero. For social landlords, they now read 178 for 2005-06, of which 120 were purpose-built student accommodation units, 55 for 2006-07 and 23 for 2007-08. The picture is broadly similar to that in other local authorities in the region, but worse than in Easington and Sedgefield—hardly the exemplar that Durham claims and the Audit Commission apparently confirmed.

The corrections, however, do not appear to be in the public domain, as recent figures that I received from Shelter still listed local authority completions last year at 99. Will the Minister ensure that DCLG displays the correct figures on its website? It is important not simply because it will show that the Audit Commission was wrong but because the uncorrected figures lead to an inaccurate view of how much affordable housing is available in Durham.

The situation is complicated further by the fact that Durham city claims that a number of houses built for sale by DVRC are affordable. I have always been fair to the city, and have accepted that that is undoubtedly the case. However, it has not been able to provide me with purchase costs for houses sold or the number with an equity share arrangement attached. How we are supposed to confirm that those houses are in fact affordable is anybody's guess. When I last looked at some DVRC properties, they were on the market for almost £200,000, which is hardly affordable.

I do not know how the figures came to be inaccurately recorded, but I do know that the Audit Commission should have picked up that discrepancy in the social rented figures before I did and I would now like to ask that the report is corrected, with proper figures implemented and a reasonable assessment made of Durham's record on affordable housing, given this new information.

I am not knocking the DVRC model. It was established by the previous Labour administration and if it had been used correctly, rather than funding the pet projects of the Lib Dems, it could have provided more affordable homes in Durham. Indeed, the former chief executive of the city council confirmed that at my housing seminar. However, DVRC has not provided much affordable housing in recent years, and as we know, much of what was provided was for sale at market rates.

In fact, the situation is even worse than current completion figures suggest. DVRC developments that could have carried an element of affordable housing did not do so. Consequently, I believe that the claim stated in the Audit Commission report that the money from DVRC was used to support social housing needs to be investigated further, in order to substantiate it. Therefore, not only was the DVRC model distorted by the Lib Dems but they failed in many instances to apply local housing policy H12, which required affordable housing to be a percentage of housing developments above a certain size. Indeed, when I first tackled the Lib Dem council on this issue, it did not seem to know that it had a policy that it should have been implementing since 2004.

I want to ask the Minister why the Government office seems to have no powers to insist that affordable housing policies are adhered to when planning permission is being granted. There have been a number of recent developments, including the development at Byland lodge, where the planning application was in breach not only of local policy H12 but of planning policy statement 3.

The second issue arising from the Audit Commission report is that it concluded that by August 2008 DVRC had built 360 houses, but the Lib Dems claim that DVRC has built 1,000 new homes. I am still working on that discrepancy.

In the few minutes that I have left, there are some other issues that I wish to raise briefly with the Minister. Where new houses have been built in Durham, little attention has been given to the PPS3 requirement to build mixed and sustainable communities. Indeed, PPS3 identifies exactly what the problem has been in Durham. It states that too often in recent years developers have focused on building one and two-bedroomed flats at the expense of family homes and it states that planning must acknowledge the need for larger houses for children, with space for children to grow and play. That has not happened. Often where houses have been built in Durham—which has mostly been in the villages—population densities are high, and when considering planning permission, no thought has been given to the impact on local schools or infrastructure, or the need for play facilities and green space. I know that anyone living in Durham will concur with these comments and there is now a growing fear that it is too late to restore balance and families to some of our city-centre communities.

There appears to have been a breach of PPS3, and the failure of the planning department in Durham city to enter into section 106 agreements for affordable housing on DVRC and other developments is also a breach of Government guidance. It would appear that no monitoring system exists to ensure that local authorities abide by national planning guidance and the Government office seems to have no powers to intervene.

I know that the situation in Durham is further complicated by the demand for student housing, particularly in the city centre, but the university and its students are vital to our city and they are positive aspects of Durham and the Durham experience. We need sensible planning and housing policies that allow a mix in some areas of student and more general housing and also an understanding of how the needs of students and long-term residents can be accommodated. It does not help either group if too many areas of the city lose family or general needs housing completely to student landlords.

I hope that the Government will use the review that they have carried out of the licensing of houses in multiple occupation, and their private sector review, to enable local authorities to have more powers to plan neighbourhoods, so as to prevent a preponderance of one type of housing tenure developing where that does not make sense locally. It is also necessary to align the definitions of HMOs in planning and housing law, and to give more powers to councils to control the siting of HMOs and how they are managed. I will make representations to the Minister about this issue in due course.

Lastly, I come to the issue of the economic downturn. If we are not to lose the excellent construction skills that we have built up over the years in Durham, it is absolutely essential that we get house building moving again. I hope that the new unitary authority can learn from the mistakes of Durham city council with regard to the lack of affordable housing and the mismatch between housing need and supply. I ask the Minister to use the review of the housing revenue account to bring about a change in policy, to enable local councils to build social housing themselves or to enter partnerships with RSLs to achieve that aim with the Homes and Communities Agency. I would also like the new unitary council or RSLs to take over housing in the private rented sector that is currently vacant for social rented use.

Beyond that, however, there is a need for a level of planning that I hope will appear in the new local development framework that the unitary authority is now preparing. That framework should concentrate on the need to produce mixed communities that have the infrastructure in place to support them and where the needs of different household types and incomes can be accommodated. This important strategic thinking in terms of planning was entirely absent from the council run by the Lib Dems. Instead their greed for money from private development allowed such development to take place at any cost to the local community and often at enormous cost to the quality of development in Durham. Durham deserves better and I hope that the Government can help the new council to do better once the economic conditions for development return. In particular, I implore the Minister to set up a meeting between the new council and the Homes and Communities Agency soon, to see what can be done.

12.46 pm

The Parliamentary Under-Secretary of State for Communities and Local Government (Mr. Iain Wright): I want to begin by congratulating my hon. Friend the Member for City of Durham (Dr. Blackman-Woods) on securing this debate. Durham is only down the road from Hartlepool, my own constituency, as is your constituency, Mr. Cummings. I want to see Durham do well. A lot of people from Hartlepool look towards Durham as a sort of ceremonial centre for our area, and I think that it has a great place in the north-east of England.

I want to pay tribute to my hon. Friend. We had many extremely constructive debates and she contributed immensely during the Committee stage of the Housing and Regeneration Bill, which is a key piece of legislation that will help to tackle the problems that she identified in her excellent speech today, particularly regarding the creation of new affordable housing.

My hon. Friend has a long-standing concern about the lack of affordable housing in her constituency. It seems a long time ago now, but I was extremely pleased to attend the seminar on housing that she organised, to talk about housing in Durham and what we can do to help her constituents. I am disappointed that progress has not been as great as she would have liked, because of the incompetence of the local authority. However, I am hopeful that, as we move to a new framework for the local authority in her area, we will see a lot more progress.

The issues that my hon. Friend has raised, both today and in the past—the need for more family housing, strong mixed communities and sustainable home ownership for lower-income households—absolutely chime with what we are trying to do nationally. My hon. Friend's chairmanship of the all-party group on balanced and sustainable communities, which examines the issues of sustainable communities and particularly the problems associated with studentification, shows that she is leading the debate on those issues nationally and helping to frame policy.

I agree absolutely with my hon. Friend that, fundamentally, none of these problems can be resolved without a major increase in the supply of housing. That means an increase in the supply of all types of housing, including homes for private rent and ownership, but an increase in the supply of affordable housing is absolutely critical, as she has so rightly said today. She has also quite correctly mentioned the recent economic downturn. In this crisis, which is the biggest global financial crisis since the 1930s, that goal of building more housing undoubtedly becomes more difficult to achieve. However, it also means that the supply of affordable housing becomes more important than ever.

Lending to first-time buyers has fallen by more than half, and they are therefore finding it more difficult than ever to get on to the property ladder. For those people, affordable housing represents a truly affordable and sustainable way of getting the safety and security of homeownership without having to overstretch themselves. Therefore, I want to spend the remaining time that I

[Mr. Iain Wright]

have left to describe some of the measures that we are putting in place to help to achieve the long-term goal of increased house building and what implications they may have for my hon. Friend's constituents.

We set the framework nationally and provide supporting funding, but my hon. Friend is right to point out that local authorities have a critical role to play, through PPS3 and other policy statements, in securing delivery and making sure that the homes that local residents need are built. She has mentioned the Audit Commission report, following its February 2008 inspection of affordable housing. The report gave her local authority a one-star, "fair" rating and identified uncertain prospects for improvement. As she has said, the people of Durham deserve better, and I hope that we can all work together to achieve that. With her strong leadership in this field, I hope that she will continue to champion speedy delivery for housing and to work with local partners to make that happen.

My hon. Friend has expressed concern about whether progress has been fast enough, and she has mentioned the establishment of the new unitary authority. This is a good opportunity to revisit those issues and a chance to re-establish a shared vision and an agreed way forward. Frankly, the people of Durham have been let down by the Liberal Democrat council, and the new unitary authority provides us with greater ambition. When the Liberal Democrats were running the council, they failed to take into account the huge potential of my hon. Friend's constituency. I think that the whole region will get behind Durham's ambition to become the European city of culture, which shows that Durham will once again start to punch above its weight. I know that my hon. Friend will play a key role in that.

Let me describe the context for delivering affordable housing nationally. We have provided more than £8 billion for investment, planned by the Homes and Communities Agency, over the next three years, as my hon. Friend will know, because she helped to establish the agency through her work on the Housing and Regeneration Bill. We anticipate that that will deliver about 70,000 new affordable homes, including 45,000 homes for social rent, each year until 2010-11.

Registered social landlords operating in the Durham city council area have so far been allocated £5.1 million-worth of funding through the three-year programme, which we expect will deliver 110 homes. Overall, schemes in County Durham have been allocated £12.3 million, and we need to consider whether to refresh that funding. Durham city council has so far received the highest allocations of all the boroughs within County Durham.

As my hon. Friend and I have both said, there is serious concern about how the programme and related ambitions will be affected by current economic conditions, but she will know that we have acted speedily to bring forward £550 million of the £3 billion investment for spending on social housing, so that we can help people now. That will provide real help to those facing housing shortages and problems, and it will stimulate activity in the construction industry that is vital to our region. That will help us to get the homes that we need, and I am confident that it will provide work for construction firms and will keep people in jobs.

Flexibility is a key word at the moment. We are looking for imaginative ways to continue to increase the supply of affordable housing. We have given the HCA greater flexibility on the grant rates that it pays to its investment partners. We are still looking for value for money, but we are balancing that consideration against the need to ensure that homes are built. The new rent to homebuy scheme will give registered social landlords an ongoing rental stream for reinvestment and a potential capital receipt later.

My hon. Friend has discussed the need for local authorities to be able to build houses. I agree. She will be aware of the measures in the Housing and Regeneration Act 2008 that allow councils to do that. Local authorities can now bid for social housing grant, so that they can add directly to the contribution to affordable housing that RSLs make.

We are taking this opportunity to buy new, unsold stock directly from developers. Since May, we have spent £160 million on 4,800 new homes for affordable housing. Given that the scheme has been running for only a few months, there has been great progress. Substantial further funding is available for other suitable homes at the right price.

Dr. Blackman-Woods: Will my hon. Friend clarify whether local authorities such as Durham city council—or, indeed, the new unitary authority in April—may apply to the Government for grants? May they apply in partnership with RSLs to buy houses or apartments that might be surplus in the private rented sector for use in the social rented sector?

Mr. Wright: The short answer is yes. We will shortly be consulting on provisions in the 2008 Act as to how local authorities can build new housing. That will be welcomed by all hon. Members across the House, because local authorities have a key role to play. One part of that is providing strategic delivery by establishing what housing, particularly affordable housing, is needed in their areas. The Liberal Democrat council has let my hon. Friend's constituency down in that regard. Another part of the local authority's role is providing a direct delivery route. That flexibility is important, and I hope that she will work with me, the HCA and others to achieve it. The key watchword is flexibility, and I shall continue to keep her and the House updated on developments.

Ambitious and proactive local authorities are in a strong position to help the construction industry and the local economy in tough times. My hon. Friend holds an extremely strong position in the region through her role as a deputy regional Minister. We need to keep in mind the bad news that we have had in our region in the past few days about job losses at Nissan. Local authorities have a key role to play in that regard. People will be frightened and concerned about the economic conditions and their continuing ability to afford a house. The Government are keen to address that, so that we can minimise repossessions as far as possible and provide housing that we are all proud of.

The key point is that we need to work together in partnership. I have mentioned my hon. Friend's role as a deputy regional Minister and her strong position. Regionally, an action plan is being developed to tackle the effects of the credit crunch, and I look forward to seeing the results. We have a strong regional team at the

HCA. The new regional director, Pat Ritchie, has asked me to facilitate a meeting with the new unitary authority and the HCA, and I am happy to do so. I would welcome my hon. Friend at the meeting to facilitate further ongoing work to ensure that affordable housing is provided in Durham.

Our goal is not only to build more housing, but to help more first-time buyers to take advantage of that housing. With that in mind, we have expanded and introduced schemes to help people to take their first step on to the property ladder. The HomeBuy Direct scheme gives people an equity loan worth up to 30 per cent. of the purchase price of a new build property on selected sites. The loan is offered jointly by the Government and developers, and there is no fee for the first five years. Some £400 million has been available nationally for the scheme, which we anticipate will help up to 18,000 people, while supporting house builders. I am pleased to say that my hon. Friend's constituents might be among the first to benefit from the scheme, as there are seven sites within Durham city and another 15 throughout County Durham that offer homes through HomeBuy Direct. A number of other options are on offer, such as shared ownership schemes, rent to homebuy and subsidised rents. The key is flexibility, and the idea is to give people choice, so that they can choose the tenure and the scheme that best suits their circumstances.

We have primarily been discussing affordable housing, but that forms just one part of our plans for housing growth. The south and east Durham areas have recently been assigned as growth points and are joining the £600 million programme for the first time. That funding is being made available for the essential infrastructure, such as shops, schools and transport, that makes communities tick. My hon. Friend will know, as the chair of the all-party group on balanced and sustainable communities, that we cannot just plonk housing down without regard to the wider area, but her council has, unfortunately, done that in the past. We need to ensure that housing is properly planned to have a good, balanced community that has high-quality public services. Her constituency will benefit from a better marrying up of supply and demand through Durham.

I conclude by thanking my hon. Friend for the high-quality debate that we have had. We can work together with the Department, the HCA and the new unitary authority, which seems to have a more ambitious approach than the Liberal Democrat incompetence of the past, to ensure that we have the affordable housing in Durham that her constituents deserve.

Police Funding (Gloucestershire)

1 pm

Mr. Mark Harper (Forest of Dean) (Con): It is a pleasure to serve under your chairmanship, Mr. Cummings. I know that the Minister for Security, Counter-Terrorism, Crime and Policing, the hon. Member for Gedling (Mr. Coaker), has been taken ill because his office has had the courtesy to phone my office. I wish him the best of health and hope to see him back soon. I am pleased to see that the Under-Secretary of State for the Home Department, the hon. Member for Tynemouth (Mr. Campbell), will be replying instead.

The background to this debate is that the Gloucestershire constabulary faces a tough future in the next couple of years. The funding formula allocation that it has been given by the Government rises by just 2.5 per cent. in each of the next two years, which is right at the bottom of the floor. The specific police grants that the constabulary gets have been frozen, except for the one that funds police and community support officers. That means that the overall settlement is lower still at just 2.1 per cent. Given that the inflation faced by police forces, which is largely outside their control, is running at somewhere between 3 and 3.6 per cent., that represents a real-terms cut and a significant shortfall in funding.

However, council tax payers in Gloucestershire are already hard pressed and we cannot afford to have a large increase in the police share of the council tax precept. Gloucestershire county council has delivered a record low council tax increase and I hope that the police authority will keep its low as well. For the Minister's benefit, it is worth saying that the county council is working in close partnership with the police and has funded 63 new officers specifically to go out on the beat in Gloucestershire. That is welcomed by the people whom I represent.

Gloucestershire historically gets a poor deal for police funding from the Government and it is in the bottom six police forces for funding per head—£58 a head versus a national average of £81 a head. Even so, the spend per head by the police is about average for England and Wales. The circle has been squared by a higher than average council tax precept, and local people face an unfairly large proportion of the burden because the Government have refused to fund Gloucestershire police fairly. Will the Minister explain why Gloucestershire receives just 70 per cent. of the national average funding per head for its police services, which puts an extra burden on hard-pressed council tax payers?

In November, as I said, the Government confirmed the formula grant allocation rise of 2.5 per cent. for Gloucestershire for the next two years. In response to a request for information for this debate, the chief constable confirmed in a letter to me that

> "with the exception of the neighbourhood policing grant"—

the one that pays for PCSOs—

> "all specific grants have been frozen…resulting in the total level of Government funding (formula and specific) only increasing by 2.1%."

That compares to an average increase of 2.8 per cent. in England and Wales, with metropolitan forces seeing an average increase of 3.1 per cent. Yet again, it seems that the figures show that the way the formula works out means that the Government are penalising rural, as opposed to urban, parts of the country.

[Mr. Mark Harper]

As I have said, total Government grant will increase by just 2.1 per cent, and my chief constable has said that the cost growth faced by the local police force is about 3.6 per cent. Consequently, that is about 1.5 per cent. above the increase in Government funding. Even if we are generous to the Government and use their estimate of cost growth—the gross domestic product deflator—that still shows cost increases running at more than 3 per cent. Why do we get such a bad deal from that funding formula in Gloucestershire? One of the principles underlying the funding formula averages out the differences between different parts of the police authority area. In a recent article in *Policing Today*, which I am sure the Minister has read, Gloucestershire's chief constable, Dr. Tim Brain, explains:

> "This principle rewards areas of uniformity in population distribution, density and relative wealth. If…your police authority area is characterised by strong contrasts"—

as is Gloucestershire—

> "between partnership areas of high population density and other areas of low density, you tend to lose out."

When the formula was introduced it was recognised that it was not perfect, so a damping mechanism of floors and ceilings was implemented to ensure that the impact on places such as Gloucestershire was reduced. In their Green Paper, "From the Neighbourhood to the National: Policing Our Communities Together," the Government confirmed their plans to remove those floors, and the Minister with responsibility for policing has confirmed in the same language used in the Green Paper that they will be removed in due course. He said that it is the Government's

> "intention to move to full implementation of the funding formula at the fastest pace that is compatible with ensuring the financial stability of all police authorities."—[*Official Report*, 9 December 2008; Vol. 485, c. 36W.]

Will the Minister explain exactly what that means? Given that most police authorities that benefit from the floors think that their removal will mean a significant reduction in their expenditure, it does not sound as if doing so would be financially stable. However, if that is the case, we will never move to a position where the floors and ceilings are removed. If the Government's intention is to remove the floors and ceilings, either they believe that it will not have a significant impact on police authorities—I shall be grateful if the Minister will confirm that that is the Home Office's view—or they are moving ahead regardless of the consequences. The answer to the parliamentary question to which I have referred is simply a tautology and the way in which it is currently written is meaningless.

In a letter to me last July, the chief constable said that

> "there can be no doubt that if the financial implications of the Flanagan report and the green paper were followed through there would be a substantial grant cut for forces like Gloucestershire."

The Minister will know that Dr. Brain leads on financial matters for the Association of Chief Police Officers and is therefore something of an expert on these matters. Will the Minister confirm whether the Department agrees with the chief constable's analysis of the financial impact on our county's police force of removing the floors? Is it the case that, as Dr. Brain states in his article,

> "it is not at all certain that the current formula is any longer an accurate reflection of the relative needs of authority areas"?

Does the Minister think that the funding formula used to allocate funding accurately reflects the relative needs of different areas?

On some specific funding areas, the security grant is a good example of the Government's requiring the local police to undertake certain responsibilities but not funding them properly. Between 2005 and 2007, the security grant for royal protection was cut by 9 per cent., but the same demands are still being made of the police. Perhaps the Minister could explain why that is the case and what local services he expects the constabulary to cut. Alternatively, does he expect local council tax payers to pick up the funding for what are essentially national security responsibilities?

Another example is funding for PCSOs. The Government grant provides only 75 per cent. of the funding required, which leaves the constabulary—the council tax payer—to find the funds elsewhere to meet that Government policy. I remind the Minister that, at the last election, the Government promised that 24,000 new PCSOs would be introduced during this Parliament. However, they reneged on that commitment and cut funding by £70 million in 2006. Most of the funding that was left went to the Metropolitan police, which gave local police forces a real problem. In summary, the cost of delivering Government-defined goals is increasing, but funding has been frozen. The Government have demanded that initiatives are followed through, but they have failed to maintain appropriate funding for them. As a result, other services must be cut or further burdens will be placed on local tax payers.

At the same time as funding is being held down, costs are rising. Things are particularly difficult at the moment. The Government have set police pay awards nationally at 2.6 per cent., which is above the rise in the grant given to Gloucestershire, and the crime fighting fund, which is supposed to fund the cost of police officers, has been frozen since 2004. That places a further burden on the police that is completely outside their control. Considering the impact of increased fuel prices and the increased price of imported products procured by the police force because of the weak pound, the chief constable's estimate is that the police are facing an increase in costs at a rate of about 3.6 per cent., which is 1.5 per cent. higher than the funding that they receive from central Government. That gap has to be made up somehow.

The poor settlement might tempt the police authority to go for the easy option of sharply increasing the council tax precept to cover the costs imposed on our police force by the Government. That would be the wrong thing to do. In this particularly tough economic climate, with household budgets under pressure, it is essential that council tax increases are kept to a minimum, and the police authority must play its part.

Mr. Geoffrey Clifton-Brown (Cotswold) (Con): I am very grateful to my hon. Friend and constituency neighbour in Gloucestershire for giving way. He makes a cogent case about the financial difficulties that the police face. Does he think that there is a danger in that financial stringency, whereby small police stations in rural constituencies such as his and mine face the prospect of being closed to meet some of the cost pressures?

Mr. Harper: My hon. Friend makes a very good point. The constabulary has significant cost pressures and is one of the more poorly funded police forces. If it is to do what I have suggested—keep council tax under control and not put a huge burden on local residents—it will have to look across its whole range of spending and make some economies. We do not want front-line police officers removed, but that limits the constabulary's options, so it may have to look at rural police stations. I very much hope that it does not, and we hope that it is not forced to do so, but there is a real risk. The police authority must play its part in keeping council tax under control. It will be tough, but Gloucestershire residents will expect their constabulary and police authority to look for as many savings as they can without hitting front-line police officers and the front-line policing that we all want.

The county council works in partnership with the local police force. The council will deliver a record low council tax rise this year of just 2.9 per cent., and I hope that the police can aim for that sort of number, although I recognise that the Government's financial settlement is less generous to the police than it is to the county council.

One very helpful thing has happened. Since 2005, the Conservative administration running Gloucestershire county council has delivered on its commitment to fund 63 new police officers throughout the county—broadly one for every county council division. The final officers will be in place by this May, and the measure has made a real difference by putting in place officers who are used for community policing—getting police out on the beat. They are named officers who are known to their local communities, and the policy has been a significant step forward.

One thing worth remembering, however, is that, because of the extra funding from the local tax payer, the Government like to claim that there are now more police on the street, but in Gloucestershire all of that increase has effectively been funded by the local council tax payer. If it was not for the increase in the council tax precept, we would have fewer police in Gloucestershire today than we had 11 years ago. Further, should the floor to the formula grant be removed, Gloucestershire will lose funding that is equivalent—the chief constable has calculated—to 62 constables, which is almost exactly same number that the county council has funded from the council tax over the past four years. That would be a retrograde step, and particularly damaging for policing in rural parts of the county, where we really appreciate those officers.

Martin Horwood (Cheltenham) (LD): I am sure that the hon. Gentleman is not arguing for uniformity of funding per capita throughout the country, because we in Gloucestershire hope that we never need the same police funding as somewhere such as inner-city Manchester; but will he confirm that the scenario that he rightly describes is a developing one, whereby we in Gloucestershire may face either cuts in police resources, or significantly increased council tax bills, or possibly both, and that it will not only hit the rural areas that he has described, but hit hardest some of the least well-off urban neighbourhoods?

Mr. Harper: The hon. Gentleman is quite right. I would not suggest that every part of the country should get exactly the same amount of money; my contention is that the disparity between areas is simply too large, particularly when the Government place central burdens on all police authorities. Incidentally, Her Majesty's inspectorate of constabulary and the Home Office judge police forces on the burdens that they place on them; they do not take into account the relative amount of funding that they provide to them. Given that, police authorities should not get exactly the same, because we have to take into account need, but the funding formula does not accurately reflect the needs of different areas, and it is one of the questions that I should like the Minister to address.

On collaborations and mergers, the current state of finances for the constabulary means that it will look to find savings. It is also working with other forces, where that makes sense: for example, it runs the regional intelligence unit based at Clevedon, although a number of forces pay for it. The constabulary works very well, such as in procurement, and on uniform purchasing it is best in class, with low-cost and high-quality uniforms. The best example of collaboration is with other emergency services. There is a tri-service control centre, with control rooms for the police, fire and ambulance services, and it worked incredibly well during the flooding crisis in 2007. It represents a great opportunity for services to work together, but inexplicably, the Government insist on breaking it up by taking away the fire control element as part of an over-budget, behind-timetable and ill-conceived regional project. But enough of that; fortunately for the Minister, it is not his responsibility.

There is some concern that the financial squeeze on constabularies is part of an attempt to force through the back door those police mergers that failed to get through the front door. I challenged the Home Secretary on that issue, and she told me in the House that it was not the Government's intention to force through mergers, so I should like the Minister today explicitly to rule out any police mergers—either by the front door or the back door—that are forced by a financial squeeze.

In conclusion, this year will be very tough for local policing in Gloucestershire. The Government grant is inadequate when compared with centrally imposed costs, and council tax payers are already stretched and cannot afford to have a large increase in the council tax precept. Gloucestershire county council has delivered a record low council tax rise, and I hope that the police authority will keep its increase low as well; but it would be very welcome if the Minister addressed my questions, so that the people of Gloucestershire might understand why their constabulary is poorly funded and whether the Government intend to do anything to put it right.

1.16 pm

The Parliamentary Under-Secretary of State for the Home Department (Mr. Alan Campbell): I congratulate the hon. Member for Forest of Dean (Mr. Harper) on securing the debate, and I am grateful for his best wishes to my hon. Friend the Minister for Security, Counter-Terrorism, Crime and Policing, who had originally intended to respond to him. If my remarks do not address all the hon. Gentleman's points, my hon. Friend has agreed to meet him at a future date. That is on the record.

This is a timely opportunity to discuss funding, both nationally and for Gloucestershire, shortly before we finalise the funding settlement for 2009-10. I hope that

[Mr. Alan Campbell]

the hon. Gentleman and others will join me in paying tribute to the police authority, to the chief constable of Gloucestershire, Dr. Tim Brain, and to his force for all their efforts and the very real improvements that they have made to the safety of the people of Gloucestershire. I am sure the hon. Gentleman knows that there was a 19 per cent. fall in recorded crime between 2002-03 and 2007-08 in the Forest of Dean, with a 6 per cent. fall between 2006-07 and 2007-08.

I shall say something about the funding picture generally, before turning to the specifics of Gloucestershire. My hon. Friend the Minister for Security, Counter-Terrorism, Crime and Policing made a written ministerial statement on 26 November 2008, confirming that we intend to implement the funding settlement for 2009-10 broadly unchanged from that which was announced in December 2007. We announced provisional funding totals for three years, incorporating the period from 2008-09 to 2010-11, and police forces and police authorities very much welcome the extra certainty that three-year settlements bring, not least because they will help to improve their medium-term financial planning.

In response to some of the hon. Gentleman's points, police forces and police authorities in general have welcomed the reduction in the number of targets from central Government and, indeed, the reduction in the ring-fencing of resources. We very much want decisions and resources to be determined locally by police forces and police authorities. Next year's funding settlement is built on a significant increase in resources for the police since 1997-98, and on a like-for-like basis, Government grant for the police will have increased by 60 per cent., or by more than £3.7 billion, during the period since then.

All police authorities and forces will receive a minimum 2.5 per cent. increase in general formula grant, which makes up the great bulk of central Government support to the police. Those with greater relative need will receive a little more, and if we add specific grants, the overall increase in Government revenue support for policing in 2009-10 will be 2.8 per cent. That is a fair and affordable settlement for all police authorities, backed up by a programme of reform and modernisation and a continuing drive to cut bureaucracy. Chief constables and police authorities have maximum flexibility to make the best possible use of resources.

The hon. Gentleman referred to concern about rising costs over the coming year. In the current economic climate, pressure will intensify on businesses to keep price increases to a minimum. Combined with expected reductions in oil and commodity prices, inflationary pressures are not the main issue facing the UK economy or police authorities.

We have just completed the usual period of consultation on our funding proposals for next year. Consultation closed on 7 January. Gloucestershire police and police authority have chosen not to make representations about the funding settlement. We are currently considering the representations we have received before taking final decisions on the grant settlement for 2009-10. Hon. Members will have the usual opportunity to debate the final police grant settlement in the House in early February.

Gloucestershire, like every other police force, has benefited from the solid funding settlements of the past few years. Assuming that, following the consultation process, the House approves the provisional allocations previously announced, next year Gloucestershire will receive £59.3 million in general grants—an increase of 2.5 per cent. or £1.5 million—and an estimated £9.7 million in specific grants.

As the hon. Gentleman knows, we have said that it is our intention to move to full implementation of the funding formula at the fastest pace that is compatible with ensuring the stability of police forces. Many forces that contribute to the funding floor are now pushing for greater or full implementation of the needs-based funding formula. Not unnaturally, police authorities such as Gloucestershire and my own in Northumbria that are supported by the funding floor want the protection to remain in place. We recognise that the funding floor is important. Gloucestershire has benefited for many years from a funding floor. This year, it receives £2.5 million more than its strict formula share and next year it will receive £2.4 million more.

The damping mechanism operates to ensure that no police authority suffers a substantial change in funding from one year to the next. It is in no one's interest that one part of the country should suffer a sudden decrease in funding. That would be a recipe for instability. A fine line must be steered to ensure that we have both a stable finance system and that resources are targeted where there is greater relative need. For next year, the 2.5 per cent. grant floor will provide for stability and a degree of scaling above the floor, thus enabling us to target resources on areas with greater relative needs and implement the formula more fully. The hon. Gentleman is correct in saying that we intend to move towards an improved funding mechanism, but let me try to reassure him not only that we are aware of the concerns that he and his chief constable have raised, but that, in moving forward, we want to address those concerns wherever we can.

Mr. Harper: The Minister is quite right. His own police authority would be one of the biggest losers from a removal of the floor, so from his point of view it is to be hoped that the Government will not be doing that very quickly. He has just acknowledged that the current formula is not perfect. He said that the Home Office wants to move to a new formula and that it does not accept that the current formula accurately meets relative needs. Does it therefore make any sense to push to remove the floors and ceilings, as that would inevitably have a detrimental impact on a large number of police forces? Would not it be more sensible to keep that system, get the new formula in place, which people could accept genuinely reflected relative need, and then move to the new formula?

Mr. Campbell: The hon. Gentleman will know that, once a formula is put in place, over time, as circumstances change, the appropriateness of that formula will also change. From time to time, therefore, in this and other areas, it is the Government's responsibility to look at the funding formula. By announcing a three-year settlement, which will run until 2010-11, and by consulting on the new funding formula—two meetings have already taken place—we are trying to ensure that the new formula is in place by the time that the next round of finances is announced in 2011. If the hon. Gentleman is asking whether there would be sufficient change with the application of that formula to warrant a mechanism for guaranteeing the fairness that we have tried to ensure in the current funding formula, I am sure that that will form part of the discussion. In moving from one funding formula to the next, we anticipate not only that the formula will be improved, but that it will have built into it a mechanism to ensure fairness.

The hon. Gentleman raised a number of specific points about royal protection and about funding for police community support officers. Let me encourage him by saying that discussions are already under way on what would be the best funding formula for 2011-12 onwards, and I encourage him to take part. The chief constable is already involved, and I urge Gloucestershire police authority and people from other force areas to take part in those discussions. It is in all our interests that we get the very best formula, not just for Gloucestershire, but for the rest of the country, too.

The other important element of police funding, as the hon. Gentleman said, is the contribution made directly by local council tax payers through the police precept. The Government expect the average increase in council tax in England to be substantially below 5 per cent. in 2009-10. We have made it clear for a long time that we will not tolerate excessive increases in council tax. In this difficult economic climate, we will not hesitate to take strong action if necessary to protect council tax payers from excessive increases, including requiring authorities to re-bill if necessary.

Final capping principles will be set out after authorities have set their final budgets, but my right hon. Friend the Minister for Local Government wrote to all local authority leaders on 9 December to say that the Government are prepared to announce the principles in advance if the circumstances suggest that capping may be necessary.

Returning to the position in Gloucestershire, it is only right that local decisions are made locally by the chief constable, who is best placed to decide how to deploy resources. Gloucestershire is a relatively well resourced force, with 1,338 police officers in March 2008—205 more than in March 1997. That is an increase of 15 per cent., which exceeds the overall 11 per cent. increase for England and Wales. The police are also supported by 162 police community support officers and 684 police staff.

Mr. Harper: The Minister is quite right that Gloucestershire has more police officers, but as I made clear in my remarks, that increase has largely been funded from council tax. Before I was elected to the House, there was a 51 per cent. increase in the police precept in a single year. That was a significant contribution to funding the increase in police officers. If it was up to the national grant alone, there would be fewer police officers in Gloucestershire now than there were 11 years ago.

Mr. Campbell: If it was only up to the national grant and we did not have the systems in place through the damping mechanism that the hon. Gentleman talked about, there might be fewer officers, but I would hate anyone to go away with the impression that the resourcing of Gloucestershire police and police numbers are entirely the responsibility of locally raised funding. The Government continue to put a considerable amount of money into policing, which accounts for the record number of police officers that we have had in the past few years.

The hon. Member for Cotswold (Mr. Clifton-Brown) referred to a police station, and I remind him that the staffing and closure of police stations are operational matters for the chief constable.

We should not focus on officer numbers alone, but on making the best use of officer time. Gloucestershire is doing that. The 57 per cent. increase in police staff since 1997 has allowed the chief constable to improve service quality and to free police officers for front-line duties.

In conclusion, I reiterate the commitment made by my hon. Friend the Minister for Security, Counter-Terrorism, Crime and Policing to meet the hon. Member for Forest of Dean should issues remain for discussion, but I thank him for securing this debate and allowing me to set out the national position and that affecting Gloucestershire. There will be tough decisions ahead, but with the substantial support that the Government have made available, authorities such as Gloucestershire have laid firm foundations and given the police the platform from which to continue the improvements in the service that they provide to our constituents, and I am confident that they will continue do so.

Home Repossessions

1.30 pm

Dr. Vincent Cable (Twickenham) (LD): I am delighted to have this opportunity to introduce a debate on a big and important subject. I have two reasons for doing so. The first is local: like many other MPs, I am hearing from a growing number of constituents who are running into mortgage distress or who have faced or are facing repossession, and I wish to speak up for them. But I believe that every MP could say that; there are no special circumstances in my constituency.

The main reason for this debate is to try to pursue a series of questions about the Government's recent initiatives on repossessions, which I welcomed. Obviously, we will debate these matters on the Floor of the House amid the normal party political banter, but on this occasion I want to take advantage of the short Adjournment debate format to pursue what are, in essence, factual questions about where we are and where Government policy stands.

My starting point is that the Council of Mortgage Lenders has estimated that there will probably be some 75,000 repossessions in 2009, which is roughly the same figure as occurred at the peak of the last recession in 1991. Of course, they are the tip of the iceberg. In the last recession, there were estimated to be some 350,000 cases of arrears of varying degrees of severity, and the current projections are that half a million mortgages may be in arrears of some kind at the end of this year. Could the Minister begin by saying whether he regards the CML's assumptions as sensible and realistic? Are they the assumptions that the Government themselves use?

I ask that question with a particular point in mind. Three months ago, the CML was using the same figure—75,000. It is still using it despite the introduction of what seemed to be quite promising Government initiatives. Does that mean that the CML's assumptions are not up to date, or does it mean that the situation is deteriorating? It would be helpful from the outset to get a sense from the Minister of the Government's working assumptions about the scale of the problem and how it will evolve during the coming year. As to why that is a problem, I hardly need to state the obvious. Repossession is a tragedy for families because it usually involves not just the loss of a job but the loss of a home at the same time. It is a double tragedy.

However, there are some less obvious reasons why repossession is a problem. It is a problem for society, particularly for local government, because of the pressure that it brings to bear on social housing. Over the past few weeks, there has been an upward revision in the number of people on waiting lists from 1.7 million to 2 million, so the pressure is clearly there.

In addition, repossession frequently results in distress selling, thereby driving down the price of housing at a particularly sensitive time and creating additional negative equity problems. Clearly, it is desirable from a wider market standpoint to avert it.

Of course, there are many hidden costs. For example, before this debate I was sent a report on the incidence of mental health problems among people facing repossession. There is a great deal of general anxiety. A YouGov survey suggests that 44 per cent. of all mortgage borrowers are currently anxious.

I would like to proceed by asking the Minister about each of the four components of the Government's response. There has been a flurry of positive initiatives: the pre-action protocol; the reforms to income support for mortgage interest—ISMI—which involves interest payments under the social security system; the mortgage support scheme in collaboration with the banks; and the mortgage rescue scheme. I shall deal with each of them briefly.

The pre-action protocol, which my colleagues and I had been calling for for some time, was particularly important. It was an intervention in court rules by the Ministry of Justice to try to ensure that repossession is always treated as a last resort, that all other options are explored, and that financial advice is available. As I understand it, the Government's guidance to the courts should have that effect.

A case that I recently encountered is the kind of case that the protocol should reduce or eliminate. The home of one of my constituents has just been repossessed by a company called Capstone Securities, a subsidiary of Lehman Brothers. My constituent had tried very hard to save his home. He had put an offer to the bank that he would repay 80 per cent. of his arrears on the spot and clear the remainder within two months, but the bank rejected it. It wanted to repossess, end of story, no negotiation. Many people have found themselves dealing with uncompromising, unreasonable creditors who operate in that spirit. My constituent has now lost his home, and because of the delay in selling, has seen all his equity disappear. There are thousands of stories of that kind.

The questions that are now being asked about the Government's initiative, welcome as it was, are about its limitations, both legal and practical. Can the Minister tell us what kind of assessment the Government are making of how the new system of rules is working? One point that is made is that because the rules are guidance and not binding on judges, the judges quite understandably apply legal principles. They view a mortgage as a contract and therefore do not treat mortgage arrears as they would treat arrears on a tenancy. There is not a test of reasonable behaviour, and therefore mortgage lenders are able to repossess much more easily than a landlord is able to obtain repossession from a tenant.

Another point is that mortgage lenders, particularly those outside the mainstream banking system, are often highly unreasonable. There are cases of legal costs being added to the bill without the need for any reference to the court, and of companies not being obliged to return to the original owner any equity in the property. There is a general unreasonableness in the way that court settlements emerge, and the guidance that the Government have established does not appear to deal with the problem.

An additional difficulty has now surfaced: a legal precedent was set with GMAC just before the Christmas period in which the mortgage lender established that it could repossess without even going to court. Can the Minister give the Government's assessment as to whether that case is a serious problem or merely an anomaly?

Finally in this category, there are the problems in respect of repossession of buy-to-let property, and the vulnerable position of tenants who find themselves trespassing in their own home and being required to move out quickly, often within hours. I believe that the Government's new guidance suggests a stay of execution of up to seven weeks, but I would be interested to have confirmation that it is now being followed and is working.

The second area of change is to the ISMI regulations, which cover interest payments through the social security system. The delay once someone is out of work is now 13 weeks rather than 39 weeks, and the scheme is extended to properties of £200,000 rather than £100,000. Clearly, the scope of the scheme has been enlarged. It would be interesting to know how many families the Government estimate will be helped by the enlarged ISMI scheme.

Would the Minister acknowledge that there is a problem in the scheme in respect of households in which two partners are working, which is often the case? An example was given to me of a family in which one partner with a salary of £24,000 loses their job. Their partner earns £7,000 a year in a part-time job, but because they are working more than 24 hours a week they are not eligible under the ISMI scheme at all. Despite a substantial drop in income, they cannot be assisted.

The third area of support, which I shall spend a little more time on, is a mortgage lender-led initiative—the mortgage support scheme. It is an imaginatively constructive idea in which the mortgage lender absorbs interest arrears over a couple of months, and the Government, in effect, underwrite the arrears while they are in the process of being corrected. The feedback that I am getting, particularly from voluntary organisations, is that the scheme is now being very tightly drawn to exclude large numbers of people who might otherwise be eligible for it. One of the conditions, as I understand it, is that it would not include people in negative equity. Of course, in the current environment, that excludes enormous numbers of people, because the market is falling rapidly and those who need help most are effectively excluded from this scheme.

I am also told that one of the difficulties that the banks themselves are advancing is that, by participating in this scheme, they have compromised their position under the financial regulations, because they are required to hold more capital if they have clients who are in arrears. The figures quoted to me show that the equivalent of between 30 and 80 new mortgages might be sacrificed for every case of a family helped under this arrangement. If that happens, it is completely mad and totally undermines the purpose of the arrangement. Is the Minister's Department discussing with the Treasury and the Financial Services Authority whether these bizarre regulations, which effectively undermine the good work that this scheme is doing, can be modified?

What is the Government's own estimate of the number of people—the number of families—who will be helped by this scheme? I believe that, on the day it was introduced, the Secretary of State made an estimate of approximately 9,000 people. I have not heard that number confirmed since. It would be useful to have an indication of the magnitudes we are talking about.

The fourth and final intervention is the mortgage rescue scheme, under which people who fall into serious arrears can become tenants in their own homes, which has the valuable objective of ensuring that, even though they cannot cope with the mortgage, they are not forced out on to the streets. I believe that there is a £200 million package designed to make this happen. The feedback that I get is that this is now beginning to work, with the collaboration of housing associations and local councils. Clearly, because this scheme is decentralised, which is potentially a positive feature, it will necessarily be applied unevenly. Do the Government have any mechanism that would tell us where this programme is and is not being applied, whether they are bringing any pressure to bear on councils to introduce it and how they are monitoring its effectiveness? I understand that, for understandable reasons, local councils and housing associations are only willing to take people on if they have limited problems, which, again, excludes people with negative equity difficulties. It would be useful if the Minister provided feedback about what numbers we are talking about. Is the number that has been quoted—about 6,000 in the coming year—correct?

The answer to the problem of keeping people in their own homes, even though they are in serious arrears and cannot sustain a mortgage, is, in the private sector, sale and leaseback, the market for which is flourishing. There were some serious abuses in that market and the Government undertook an investigation, through the Office of Fair Trading, that reported in autumn last year. There is a recognition that that market needs to be regulated. When and in what form will that regulation take effect?

My concluding comments are these. We have had a series of initiatives that are valuable in themselves. However, the feedback that I get from the people who are potential beneficiaries, from the voluntary organisations that represent them and from the industry is that although they are valuable they are very limited. If we add 9,000 and 6,000, which are the estimates so far in respect of the two main Government schemes, we are talking about 15,000 people, potentially, out of 75,000 people, which is an important figure but is still less than a quarter of those involved. That leads to the necessary conclusion that, even with these schemes in place, large numbers of people will have their homes repossessed this year. That raises the question of where they will live.

We are in an environment where the provision of social housing is now deteriorating. Industry estimates show that the total number of units built for social housing in the year to the end of March is likely to be some 85,000, as opposed to 185,000 in the previous year. So we have a shortfall of 100,000, much of which is caused by failures of joint projects with developers. Repossession is taking place in an environment where the provision of social housing is deteriorating. How far do the Government's proposals match the severity and scale of the repossession crisis that we now face?

1.45 pm

The Parliamentary Under-Secretary of State for Communities and Local Government (Mr. Iain Wright): I congratulate the hon. Member for Twickenham (Dr. Cable) on securing this important debate. I was struck, on listening to his excellent contribution, by how measured it was. As he said, we can, to some extent, keep party political banter out of this Chamber with regard to such a serious issue. I pay tribute to him for the manner and the measured way in which he addressed his points and asked his questions, as is always the case when he contributes to debates in the House.

[Mr. Iain Wright]

In difficult times, the Government are committed to doing everything that they possibly can to provide support in the short term for borrowers facing difficulties and in promoting the long-term stability of the market. What the hon. Gentleman said about repossessions is true. It is a major trauma that is, arguably, the biggest single difficulty that a person can face in their life. It affects people's relationships, their health—particularly their mental health—their well-being and quality of life. Children can be uprooted from their school and adults from neighbours, friends and family. In the current challenging economic climate, more people are understandably worrying that they could lose their home. The key point is that just as fear of crime is an important consideration that policies need to deal with, repossession and the fear of repossession need to be dealt with, too, so that people who may face economic difficulties and are not, at the moment, facing repossession can be reassured that the Government are providing real practical help and doing everything that they possibly can to ensure that a particular household can keep its home and that it will not be repossessed.

The current figures provided by the Council of Mortgage Lenders show that there have been some 30,200 repossessions in quarters 1 to 3 of 2008, which represents about 0.26 per cent. of all loans. We accept that repossessions are rising, but we must also remember that the numbers affected at present remain small in comparison with the early 1990s, despite the fact that more than a million more householders now own their own home.

I do not want to tell the House that I am complacent and I do not want to provide a lazy approach to this issue. The Government are working night and day to ensure that repossessions are minimised as much as possible. I want to reassure the House, and families throughout the country, that we are determined to help as much as possible. No household that experiences a temporary drop in income through no fault of its own, and which is willing to pay back what it can, should fear repossession.

There is also an onus on householders, who should be required not to put their head in the sand. Instead, they need to talk to the lender if they are facing financial difficulties. In the week when people were returning from the Christmas and new year break, before the House was sitting again, I toured my constituency and visited the citizens advice bureau. In mentioning citizens advice bureaux, I pay tribute to the hon. Gentleman, who is the CAB parliamentarian of the year. It can be important for people to talk to their local citizens advice bureau, which provides real practical help.

As a Government we have taken important steps, as the hon. Gentleman graciously mentioned. We have introduced new schemes and expanded others. We have offered practical help to as many people as possible. The courts have agreed to the mortgage pre-action protocol, a legal agreement which sets out that lenders will only use repossession as a last resort and will look at all the other alternatives with the borrower, whether that involves reducing monthly payments or deferring for a time. Hopefully, that would address the point that the hon. Gentleman made about his constituent, which sounded tragic. Hopefully, that would not happen today. The mortgage pre-action protocol would mean that nobody's home would be repossessed within three months of the first missed payment.

The hon. Gentleman asked how this scheme is working. I have to say that it is early days. We are working closely with the Ministry of Justice to ensure that we can iron out any potential difficulties. I would welcome the hon. Gentleman's mentioning relevant cases that he comes across in his work as a parliamentarian, and in his constituency, so that we can find out whether we can tweak out any of the difficulties to ensure that people get practical help.

To help to ensure that households can be given advice, more funding has been made available for national debtline and Citizens Advice to help consumers with money problems. That includes almost £6 million of additional investment to March 2011 in telephone advice and £10 million to March 2011 to expand face-to-face debt advice capacity.

In the pre-Budget report, we announced reforms to the support for mortgage interest scheme. That benefit is available to those receiving jobseeker's allowance and other income support-based benefits to help people keep up their mortgage payments if they lose their jobs. We have raised the outstanding mortgage threshold so that households are entitled to receive it if they have less than £200,000 remaining on their mortgage, and we have reduced—this is a key point—the waiting time so that people can receive it 13 weeks after they lose their jobs, rather than 39 weeks.

Last week, I was at a meeting of a branch of the trade union Unite in my constituency. It consisted predominantly of subcontractors. As you will appreciate, Mr. Cummings, that is a volatile industry in which there are periods of unemployment. Those people mentioned that they are delighted with the scheme because in periods of economic volatility and uncertainty about jobs, it can provide practical help.

For vulnerable households that would be otherwise eligible for homelessness assistance if their homes were repossessed, such as families with children, the elderly or the disabled, we have set up the mortgage rescue scheme. Those at risk of repossession because of other loans secured against their homes are also now able to apply.

If the home owner can keep up some mortgage repayments, the local authority or housing association will buy a share in the home so that the monthly mortgage repayments are cut. If home ownership is no longer a realistic prospect, the local authority or housing association will buy the home outright and the family will be able to stay there as a tenant. Largely thanks to the proactive work of my right hon. Friend the Minister for Housing, we have brought forward the introduction and implementation of that scheme. The first 80 authorities began fast-tracking their mortgage rescue schemes in December, and we shall announce imminently what is happening with other authorities.

We are in the process of establishing a new scheme to help people who are having trouble making payments but are not eligible for ISMI—income support for mortgage interest. We have in mind families in which perhaps one person within a couple has lost their job or income or experienced a dramatic cut in overtime or payments. Applicants must have an outstanding mortgage of less than £400,000 and savings of less than £16,000. We estimate that this will take care of 98 per cent. of all mortgages. People have to prove that they have suffered a serious drop in income, demonstrate that they have kept up some repayments for at least five months and commit to paying at least 25 per cent. of their existing monthly payments. The rest of their payment will be deferred and added on to the end of the term, guaranteed by the Government and the bank. After a year, the bank will look again at the circumstances and, if necessary, extend the deal for another year. The idea is to make monthly payments more affordable, giving people practical help and valuable breathing space to get back on their feet.

The scheme is voluntary, but already the country's eight largest lenders, representing 70 per cent. of lending, have agreed to support the new scheme and pledged to work with the Government to develop it. Since the day of the Queen's Speech, when my right hon. Friend the Prime Minister announced it, we have been working with about 15 of the major lenders to get the scheme off the ground. We hope that the remaining lenders will also participate.

We expect the scheme to help significant numbers of households to avoid repossession over the next two years. The hon. Gentleman mentioned a possible target of 9,000 households being helped. The Minister for Housing has been absolutely clear about the fact that we are not setting a target or a cap on the numbers that might participate. It will be a demand-led scheme. People can feel reassured in coming forward that they have not missed a cut-off point. It is not the intention at all for household 9,001 not to be provided with help; the intention is to provide practical help to all households that need it.

My right hon. Friend the Chancellor of the Exchequer has announced a lending panel to bring together the Government, regulators, lenders, trade bodies and consumer groups. The panel will monitor lending to both households and businesses, encourage best practice throughout the mortgage market and ensure that lenders are aware of all the alternatives to repossession.

We are working to address a number of concerns affecting specific groups. The hon. Gentleman alluded to that. The Office of Fair Trading is developing guidance to help those who have taken out extra loans against their homes. The practice is known as second charge lending. The guidance will stress the importance of treating borrowers sympathetically and doing everything possible to avoid repossessions. New industry best practice guidelines, published in December, clearly set out how people can expect to be treated by their lender if they are experiencing difficulties.

The hon. Gentleman referred to the sale to rent back market and the OFT's market study in that regard. It recommends that that market is brought within the scope of FSA regulation, and we shall be consulting on that shortly.

The hon. Gentleman touched on a very important matter. The fear of repossession and repossession itself do not hit just home owners. They also hit tenants; they, too, are potentially vulnerable. We need to act to help tenants who are not in arrears and who are working hard and paying their rent, but who face the prospect of their home being repossessed, through no fault of their own, if their landlord has secured a loan on the property. At present, evidence suggests that buy-to-let landlords are no more likely to be affected by repossession than other households. However, I am concerned about the issue and I recognise that tenants in the private rented sector would face eviction in the circumstances described, which seems unfair.

To protect those tenants, we shall ask the Civil Procedure Rule Committee to amend the rules so that buy-to-let tenants get up to seven weeks' notice if their landlord's mortgage defaults. At the moment, as the hon. Gentleman said, they have notice of as little as two weeks or even a matter of hours, which is not fair. We encourage all landlords and lenders to communicate with tenants so that they are given time to make alternative arrangements if their home is at risk. We also want to ensure that tenants who are at risk speak up, get independent advice and attend the court hearing so that their needs are taken into account.

I return to where I started by saying that in these unprecedentedly difficult times, in which we are facing global financial pressures the likes of which we have not seen for many decades, the first priority of the Government is to reassure people. We need to ensure that wherever possible, families do not have to suffer the trauma and upheaval of repossession. People also need to be reassured that they do not need to fear repossession. All households at risk can benefit from the new emphasis on repossession as a course of last resort, and from the enhanced debt advice services. As I have made clear, we are also putting in place a variety of schemes, offering tailored and specific support depending on the individual circumstances.

In a debate in this Chamber earlier today, I said that the watchword was "flexibility". We need to work across Government, whether that involves the Treasury, the Department for Work and Pensions, the Ministry of Justice or my Department, to ensure that we have a seamless product that can provide practical help to families in order to minimise repossessions as much as possible. We need to be flexible. We need to learn the lessons from what happens on the ground, which the hon. Gentleman and others will bring forward, so that we can tweak out some of the teething troubles that we might see with these innovative schemes.

In these difficult times, we are determined to provide real help to households that are frightened. We need to reduce that fear as much as possible and we have put in place schemes to help to do that. The Government are ambitious to do more and I am sure that, working together in a cross-party consensus—that was the manner in which the hon. Gentleman made his excellent speech today—we can do more.

Question put and agreed to.

1.58 pm

Sitting adjourned.

D

Westminster Hall

Wednesday 14 January 2009

[MR. MIKE WEIR *in the Chair*]

Social Housing (Central London)

Motion made, and Question proposed, That the sitting be now adjourned.—*(Mr. Ian Austin.)*

9.30 am

Mr. Mark Field (Cities of London and Westminster) (Con): Talk of the economic downturn has gone hand in hand with some very gloomy predictions about the health of the housing market. Each week seems to bring forth ever more catastrophic forecasts about the likely fall in house prices, leaving the spectre of negative equity to torment an increasing number of home owners. However, in the midst of the panic about private housing, a less reported story has also emerged: social housing projects have stalled dramatically. It is quite conceivable that, this year, there will be a collapse in the completion of affordable housing developments and no programme in the 2010-11 tax year, unless credit begins to flow once more.

Grant rates for new development have decreased to about 40 per cent., leaving housing associations, which are the main providers of affordable housing in the capital, with a choice either to build social housing at a financial loss or to cross-subsidise through sales of shared ownership and private borrowing. In these tumultuous economic times, associations' ability to take the latter option has, as for many other private businesses, been brought to a standstill. The Government's target to build 3 million new homes by 2020 looks like it will never be fulfilled.

Notwithstanding the difficult economic climate, the housing associations to which I have spoken believe that there is a path forward. I want to address that in my comments today. I appreciate that these are very difficult problems, and I hope that in the Front-Bench contributions from the hon. Member for Brent, East (Sarah Teather), my hon. Friend the Member for Welwyn Hatfield (Grant Shapps) and the Minister will be a sense of trying to work together on this matter. It is not, and should not be, an issue for an over-partisan approach. Inevitably, there will be differences in the approaches that each political party takes, but I think that we all appreciate that some major problems are affecting all our constituents, especially given the reliance on social housing, and that there are particular pinch points—dare I say it?—within London and its outskirts. I consider the number of central London MPs; I am well aware, having contested a seat in Enfield, North well over a decade ago, that the same issues apply to constituencies such as my hon. Friend's, which lies just the other side of the M25. I recall that such problems were at the forefront.

Planned Government investment could be brought forward in a new national housing programme, and a fresh financial model could encourage genuinely mixed communities in our cities, thus opening a flexible social housing option to a far greater number of people on a wider range of incomes. However, if the Government fail to take steps quickly enough, associations believe that the ambitious social housing targets will remain woefully unachievable.

Of the many misconceptions about my constituency—Cities of London and Westminster—the most common must surely be that I represent only a lucky club of people rich enough to live in central London: the mansion dwellers of Belgravia and Mayfair, the City's movers and shakers and wealthy international folk who snap up river and park-side penthouses at ease. In reality, constituency-wide, there are significant pockets of social housing, and the area has important historical connections to some of this nation's oldest housing associations. Some estates in my patch have even attracted plaudits for their design, such as the Pimlico's post-war Churchill Gardens, which has been praised as an imaginative example of high-density, inner-city housing—at least it was high-density when it was built in the 1950s, although it does not seem so now. It now seems to be a very well-planned estate. Other estates provide wonderful examples of Victorian philanthropic architecture, such as the Peabody estate in Brown Hart Gardens in Mayfair and the Abbey Orchard estate off Victoria street, which is almost a stone's throw from this debating chamber. Such developments have helped to transform one of Westminster's and inner London's worst 19th century slums and stand as a testament to the generosity of renowned philanthropist George Peabody and the eye of the English architect, Henry Darbishire. Sadly, such well-built, attractive estates have been eclipsed in the nation's perception of social housing by so much undistinguished post-war development.

Along with other London Members' constituencies, Cities of London and Westminster has witnessed a colossal boom in the housing market in the past decade. Property prices in my constituency rose by some 220 per cent. in the decade to 2007, while the average wage rose by only 44 per cent. In the meantime, the number of people on social housing waiting lists continues to increase. Last year, 333,857 households were on social housing waiting lists in the capital—a 47 per cent. increase over the past five years alone.

With the neediest households receiving priority for housing, my constituency is now exclusively home to the super-rich and the very poor. That is not a healthy state of affairs, although it has probably applied in places such as central London since time immemorial—it has always been home to the very wealthiest, as well as to much poverty. One can read books going back many centuries to see that. However, that phenomenon increasingly applies almost throughout the capital. People face great disadvantages. I am sure that all Members have constituents earning multiples of the average national wage who cannot get on to the property ladder and who find themselves lost, because they are regarded as being far too wealthy to qualify for social housing. That probably applies to suburban areas such as Eltham as well—I see the hon. Member for Eltham (Clive Efford) in his place, although silently so, I expect. We need to draw back from such polarisation. In the immediate term, one can see that an economic downturn might help at the margins of that polarisation, but we need a much more systematic and fundamental approach.

With the enormous pressure on stock, housing problems, along with immigration difficulties, continue to account for the largest element of casework that I receive in my

[Mr. Mark Field]

daily postbag. I expect that the same could be said of all other inner-London Members. Those two issues are likely to go hand in hand, as many people migrating to Britain arrive in, or make their way to, the centre of London, which can place enormous pressure on emergency and temporary housing. Given the disparity between stock and demand, I am frequently sent letters from residents who find it difficult to secure a permanent council or housing association property or to get awarded a transfer to a more suitable home. In the meantime, those constituents often find themselves waiting in desperately overcrowded conditions or in properties quite ill-suited to their basic needs.

Last November, I met representatives of the G15, which is the group representing London's 15 largest housing associations. They wished to express their deep concern about the impact of the current economic crisis on London's social housing stock. The G15 associations house about one in 10 Londoners—approximately 700,000 people—and manage some 410,000 homes. Crucially, they are also relied upon to develop most of London's new affordable housing each year, in view of the targets for the next decade or so. However, they told me that it is becoming increasingly harder to continue with affordable housing projects.

As I mentioned earlier, grant rates for new developments have decreased to about 40 per cent., making it impossible to build social housing at anything but a financial loss, unless an association can cross-subsidise. However, cross-subsidy is no longer an option, because it can be generated only through sales of shared-ownership properties and private borrowing—routes that have been cut off owing to the collapse of the property and credit markets.

Furthermore, a significant proportion of new social housing in London is produced by private developers through planning gain agreements. Again, however, as private development dries up, commensurately less planning gain for the social sector will follow. As I am sure that the Minister is aware, the result is likely to be longer delays for the thousands lingering on social housing waiting lists and an increase in the 750,000 Londoners living in overcrowded conditions.

Ms Karen Buck (Regent's Park and Kensington, North) (Lab): I have disagreed with nearly none of what the hon. Gentleman has said. However, does he accept that, even before the impact of the credit crunch was felt, in some local authorities, including his and my borough of Westminster, the proportion of affordable homes from planning gain was only 11 per cent, over the past two years? Only one in 10 of all homes built in the borough before the economic crunch was affordable, and that cannot be blamed on the economic situation.

Mr. Field: The hon. Lady makes a fair point. In the eight years that I have been in the House, we have had a number of battles—friendly, I hope—on issues related to housing. As she is aware, one of my concerns is that the targets that were set by the erstwhile Mayor of London were so unrealistic that too many developers in places such as Westminster were happy to sit on their hands and watch the value of their stock of land going up and up, rather than going down the path of taking on social housing.

I accept the point that the hon. Lady makes. I am not suggesting that the short-term credit crunch is the only issue, but given that it will impact on the housing market—particularly the social housing market—for some years to come, it gives us an opportunity to take stock and collectively to work out the best pathway forward.

Faced with the situation in which lenders will not lend, buyers will not buy and builders cannot build, the G15 contend that we need to rethink our national housing policy. The previous housing crisis was dealt with by encouraging the emergence of a third sector of independent housing associations and a third way that combined the best of public and private to get the market moving. Similarly, the G15 now want to see—as I do—a fourth way in which planned Government investment is brought forward to allow for a new national housing programme led by the third sector, to which I have referred. Such ideas could turn the financial crisis into something of an opportunity.

I should like the sales-based cross-subsidy to be replaced with a new type of subsidy that will fill the gap that is left. That will require support from the Government through increased grant funding and through equity investment given by the Homes and Communities Agency. In addition, more accessible and less expensive land will have to be made available.

I should also like a re-examination of the nature of Government investment that separates future investment into two elements: grant subsidy, which is used to develop and deliver affordable rents, and equity, which is needed to fund the product. Although equity cannot be returned, it can be reviewed and adapted to suit changing individual circumstances.

In addition, I support the introduction of a new housing model that discourages home ownership for those who cannot afford it, but leaves open an option—not an obligation—to buy in the future. By that I mean getting on a stepladder to buy a bit of shared equity. Currently, too many models regard home ownership as the be-all and end-all. In many cases, people do not have suitable lifestyles for home ownership. For example, they may not have a particularly firm employment record. Getting on to the housing ladder may seem an attractive proposition, but it is an unrealistic one for many people. The new model would help to generate very mixed communities, which is a positive way forward in social housing development. It would offer a wide range of rents and refocus on providing homes that are in short supply, such as family accommodation.

As for supply, I should like new partnerships to be established between housing associations, local authorities, house builders and the Homes and Communities Agency. By working together, the inherent economic risk can be reduced, investment increased and a firmer eye kept on long-term sustainability by ensuring that the quality of housing is high. Calls for housing associations to buy unsold private stock should be resisted as far as possible. The majority of such properties are not suitable for social housing. Only 2 per cent. of new private development homes have been awarded the status of "very good", or level 3, of the sustainable homes code. Level 3 is the minimum standard that housing associations require to use a property for social rent purposes.

With regard to the sale of shared-ownership stock and the financial health of individual housing associations, a number of housing association chief executives have identified banks' lending behaviour as a major risk to their business and a significant stumbling block in the completion of property sales.

Although low-cost home-ownership sales have decreased substantially in recent months, demand has risen. Housing associations are receiving more and more inquiries about different kinds of home ownership, but the rate of completion remains minute. Admittedly, in some circumstances, that is because potential buyers are waiting for the market to bottom out. They are making their inquiries and then sitting on their hands for a few months, perhaps for a year, assuming that the asset value will get lower, which is probably a fair assumption to make.

In most cases, housing associations report that transactions fail because of a lack of mortgage finance. Lenders are looking for opportunities to reprice their loan book, which has had a detrimental effect on housing associations as well as on local small businesses, many of which have been in touch with me in recent weeks. Let me provide an example. A housing association that had a group structure with three different organisations decided that it wanted to collapse that governance structure to become a single organisation with residents' panels. That is perfectly desirable. The association consulted its residents, who mightily approved of the scheme, and such a change would save the association around £300,000 a year. However, its core lender said that if it went ahead with that restructuring, it would regard it as a significant event and be compelled to reprice the entire loan book at a cost of £1.9 million to the housing association. Naturally, in the current climate, the move did not go ahead, and efficiency savings along those lines were not made.

We must encourage Government to put further pressure on lenders, especially those in which they hold a significant stake, to provide affordable finance in this field. I appreciate that this is fast-moving situation, and I do not expect the Minister, even in conversations with his friend the erstwhile Member for Hartlepool, to give us commitments at this juncture. None the less, I hope that he will make the case for social housing, given the amount of money that is going into various loans for small businesses.

Problems with social housing policy extend well beyond supply difficulties. The cost of renting in London remains a significant issue, due to the gap between social and market rents and the inflexibility of the social rent structure. That is a problem about which I am particularly passionate, given the impact of economic polarisation in my own constituency. As I have said, wealth disparity has been a London issue since time immemorial. In the eight years in which I have been in the House, I have watched the extent of demographic change and seen that those on middle-to-low incomes in London—by that, I mean at least double the average national wage—are increasingly being pushed out of the area. All too often, families who have been here for generations and who want to contribute to the local community are in that category and are forced to move away.

As for the limits of the current structure, I shall use the example of the housing arrangements of one of my constituents who passed away last year. She had lived as a secure tenant in her home on the Peabody Wild Street estate since 1986 for a rate of £75.50 a week, which included services. The estate is moments away from Covent Garden piazza, and the market rent for the flat would be around £320 a week. The flat is now being re-let at £116 per week, including services to a tenant with support needs. The difference between the social and market rent is £200 a week, or £10,000 a year. What happens to those who fall between the two extremes—those who do not qualify for social housing, but who cannot realistically afford the cost of market rents in central London? That is the sort of gap that we are looking at—effectively two thirds of the cost. One third applies to someone who qualifies for social housing, and the full rate to individuals who would love to live close to their place of work but who simply cannot get on to the housing ladder.

The current economic climate provides us with a once-in-a-lifetime opportunity to create a much more flexible rental market. I support the provision of a wider range of housing options for people who are too rich to qualify to rent social housing but too poor to buy in the market. Housing associations are often frustrated that the income they receive from renting a property barely covers maintenance costs and that the rental income from a four-bedroom house is only slightly more than that from a two-bedroom flat. The same applies when we look at the differences in rent for a zero-carbon home and for an old, inefficient property. None of this makes sense. I appreciate that it is easy for me to make proposals. We are on the verge of unravelling almost a century of rental arrangements going back to the first world war. There are many inconsistencies in place, and it is difficult to establish a definitive template, but I am trying to put a few things on the record that will form part and parcel of the thinking of this Government and of all parties going forward.

Much better use could be made of rental portfolios, to the immense benefit of people on low and middle incomes, who would like a wider range of renting options, and would view intermediate rent of 80 per cent. or less than the market rent as an important new mechanism to bridge the gap between the social and market rent. Importantly, it could also ensure that we a greater mix in communities. A relaxation in rent policy will increase incentives to build to higher standards and reflect the relative value of a social tenancy. Rent differentiation would also provide an incentive for a couple to downsize when they no longer need to stay in a large property when their children are grown up. That would free up valuable family-sized accommodation to address the acute problems of overcrowding.

I frequently receive letters from constituents telling me of the desperate pressure imposed on family life by overcrowding. I received a letter this week from the City of London citizens advice bureau that brought to my attention the plight of a family of eight who live in the square mile in a three-bedroom flat with one small bathroom. They have been trying to get a transfer either to a larger property or to one with better bathroom facilities, but the lack of social housing in London has resulted in their having to remain in that flat. That is one example, but London Members will receive letters like that day in, day out, all year round.

I appreciate that this is an unintended consequence, but I fear that the Government's target of reducing temporary accommodation by 50 per cent. is hampering efforts to reduce overcrowding, because local authorities are forced to transfer households who live in suitable

[Mr. Mark Field]

private-sector accommodation to any new flat that they gain. That means that when councils ask developers to build new accommodation under a section 106 agreement, they build for single occupancy to reflect the type of households in temporary accommodation, and ignore the need for family accommodation, which is in many ways the more pressing need. As I said, that has an important impact on the social glue of a community, because we want to ensure that people can live in central London for the long term, and we do not want them to think that living here is something they do when they are single, before moving away.

One of my local authorities, the much-loved Westminster city council, fears that overcrowding will increase as the economic downturn deepens. The council has long recognised that overcrowding is one of the biggest housing challenges it faces and is launching a campaign to tackle the issue. It intends to say which of the Government's targets are particularly contradictory and unhelpful in preventing local authorities from dealing with overcrowding, and it will highlight the need for reform on three key issues: more efficient use of supply, managing demand, and tenure reform.

Westminster council would like the Government to allow local authorities greater flexibility, to give them the power to transfer a household to a more suitable home when housing needs change, and to allow them to discharge the homelessness duty when a client has been assisted into suitable private accommodation, which would quickly help to reduce the overbearing waiting lists. The council contends that Government targets to reduce the use of bed and breakfast and temporary accommodation have resulted in fewer transfer opportunities for existing tenants, because new people on the register are given preference for available properties. It also intends to recommend that an applicant's connection to the local area and community is given greater weight when deciding a person's priority for housing—as the Minister will be aware, I feel particularly strongly about that.

Jeremy Corbyn (Islington, North) (Lab): How does the hon. Gentleman define local connections when it comes to the allocation of properties? I ask that with some feeling, because the proposal could end up being discriminatory against people who are in a poor housing situation. They could be in a worse position because they could be blocked out of the transfer system.

Mr. Field: Clearly, I am not going to define that off the top of my head. As the hon. Gentleman knows, we have waves of migration, and some people have families who have lived here for several generations. Let us be honest: if we were talking about local connections in the context of housing in London 30 or 40 years ago, the unspoken issue would have been race. To my mind—this is the reality—local connection now means every bit as much to the large numbers of Bangladeshi or Chinese communities as to anyone else, and I would assume that the same applies to a place such as Islington, North. Promoting local connections means as much to people whose families have lived here for a couple of generations and who want to stay, who have work and social networks, including friends, nearby.

Arriving at a firm definition is quite difficult—it is an inherent difficulty. By the same token, too much discretion in the hands of local authorities would present difficulties. We all know that there is a sensible medium ground but, unfortunately, the strict and mandatory rules of central Government pre-1997—this is not a narrow party-political point—make things more difficult, as it is frustrating for councils, whether a Labour or Liberal-run Islington council, or Conservative-run Westminster council, to try to build a stable population in which people are willing to play an ongoing part in the community.

I appreciate that other hon. Members wish to speak, so I shall conclude. I recognise that the Government alone do not hold sway over the provision of social housing in Westminster or other local authority areas. With a budget of more than £5 billion, the Homes and Communities Agency, which is chaired by the Mayor of London, has an important role to play in addressing the capital's housing needs. However, in his recently announced housing strategy, the Mayor has already shown a commitment to many of the aims that I have addressed in this speech, such as encouraging mixed communities, promoting a range of tenures, expanding the intermediate rental sector, boosting the number of family-sized homes, and nurturing partnerships between local authorities, housing associations and developers. It is now crucial that the Government show their true commitment—I am sure that they have one—to the provision of social housing in our capital, not simply by restating targets, but by giving serious and immediate thought to the proposals that I have set out.

Unless a fresh housing model is introduced swiftly to recognise the need for a new subsidy, the Government's stated aims on social housing will, sadly, remain unachievable. Although the crisis facing the social housing sector is daunting, it should be seen as an opportunity to address some of the long-term problems that have plagued housing provision in the capital, such as the polarisation of communities, overcrowding, and the unaffordability of property. By working with housing associations rather than putting a break on their aspirations, the Government can use social housing to steer London's home owners and tenants out of the darkness.

Several hon. Members *rose*—

Mr. Mike Weir (in the Chair): Order. A number of hon. Members are seeking to catch my eye. I ask hon. Members to bear in mind the fact that I want the winding-up speeches to begin at about 10.30 am.

9.57 am

Jeremy Corbyn (Islington, North) (Lab): I shall be brief because we want everybody who wishes to contribute to have time to do so. I congratulate the hon. Member for Cities of London and Westminster (Mr. Field) on his contribution and appreciate his obvious concern for his constituents' needs.

Social housing is obviously important, but I wish we could find some other term, because "social housing" has connotations of unmunificent charity, not of people's right to decent housing. I do not know what that alternative term is, but I wish we could find one. I am sure that the Department for Communities and Local Government will find one in time—it always does.

I represent Islington, North, and the hon. Gentleman talked about the issues that affect his constituency, which are similar throughout central London. The growing gap between the wealthy and the poor in central London is quite appalling and, actually, economically damaging to London in the longer term. In Islington, North, even now, if a council house or housing association property becomes vacant through either death or somebody moving away from the area, it is nearly always let to a larger, poorer family, but if a private property becomes available for sale—a street property—it is nearly always sold to somebody much wealthier than the previous owners. That pattern is repeated across London, so the gap between the richest and the poorest in our capital city is increasing quickly. That is very much my experience.

There is enormous pressure on allocation and resources in my borough, just like all the others in London, and I find it sad that we end up having an endless debate about the science of allocation policy for housing for people in desperate housing need. We all have advice surgeries, so we probably all have far too much knowledge of the workings of the points allocation system. We all spend a great deal of time writing letters to local authorities to try to get somebody more points or greater allocation because of medical needs, or to deal with problems such as overcrowding, children of different sexes sharing bedrooms and so on. Those problems are important and it is part of our job to deal with them, but the issue, fundamentally, is the lack of supply of housing for people in desperate housing need. That must be addressed.

I was looking yesterday at the statistics for housing developments in my borough over the past 15 years. The number of units built each year for rent by housing associations varied between very few and a few hundred. The number built by the local authority for most years was zero, but happily it is now building a small number of homes.

The vast majority of development has been small infill development by private sector developers, typically creating between half a dozen and a dozen private flats, some of which are sold on the buy-to-rent market. My local authority chose to set the threshold for what it terms social housing too high, so most of those developments contained no social rented element whatever and were nearly all for sale. That threshold has been reduced a little, so the number of places available for rent by people on the housing list has gone up a little. However, we have to be tough about this: there are developments across London that will probably soon by mothballed or stopped, so this is a golden opportunity for local authorities to take them over and use them to house people in desperate need.

I take the hon. Gentleman's point about the purchasing of private properties by housing associations, but sadly many of them are simply inadequate and built to too low a standard. That alone is a condemnation of our system: the private sector building is of such low quality that local authorities and housing associations could not buy them even if they wanted to. I look to the Minister for much tougher building regulations on the private sector in addition to the welcome improvements in the public sector.

I also want briefly to mention the private rented sector. My constituency has an owner occupation rate of only about 30 per cent., which is well below the national average, and indeed well below the London average. That level is declining fast, in part because people have difficulty selling in the current climate and prefer to rent and hang on to the capital value of the property. The local authority stock was declining fast due to right to buy, although that has now declined a great deal, so the stock is more or less static.

The only stock that is fundamentally increasing is that of housing associations, but it is in the private rented sector that the biggest problems emerge in that the local authority has limited resources and huge demands are placed upon it: there are roughly 13,000 families on either the waiting list or the transfer list in my borough council area, and I suspect that there are similar figures across central London.

Therefore, the local authority can allocate housing only by guiding people into the private sector to rent a property, and because most of those who apply for housing are on benefits, housing benefit pays the rent. That costs the public sector a great deal of money, but it comes not from the local authority, but from central Government, who are paying astronomical rents of £200 or £300 a week for wholly inadequate properties.

That issue has been raised many times by successive Ministers and with the Department for Work and Pensions, and I was pleased that the Secretary of State agreed to meet a delegation of London MPs to discuss housing benefit costs in the private sector, because it is an enormous waste of money. We are paying a great deal of public money to keep people living in misery.

Simon Hughes (North Southwark and Bermondsey) (LD): In boroughs such as the hon. Gentleman's, as is probably the case for us all, that is also unfair because rich parts of the borough with high prices can contribute to the average taken across the borough. The housing benefit that someone can get might not reach anywhere near the cost of the place available because it is based on the average for an area with low-cost and high-cost housing, so it is even worse for many people.

Jeremy Corbyn: That is a fair point, and a real issue. Due to how the housing benefit system operates, we can end up with a kind of social cleansing of certain areas because housing benefit costs often do not meet the rent costs. We all have cases of someone coming to see us because their housing benefit covers perhaps 80 per cent. of their private sector rent and they have to pay the rest out of income support, so they end up on an incredibly low take-home income. That has to be looked at.

Clearly, the housing crisis in London can and must be resolved by rapid investment in new build and much tougher planning regulations on the level of building within private sector developments. The hon. Member for Cities of London and Westminster pointed out that the number of rented units available through housing associations is declining because most of their developments are predicated by sales policy, or indeed by commercial lets policy.

We must ask ourselves what housing associations are for. They were established to provide housing for people in housing need, roughly equivalent to the local authority. Indeed, the allocations for affordable rented property come entirely from the local housing authority anyway, but since they now have much less than half their

[Jeremy Corbyn]

capital costs provided by central Government through the homes agency, or indeed any other source, they have to borrow the rest, so they are encouraged to build for sale and to go to some extent into commercial renting. We must then ask ourselves why on earth we have housing associations if they are not providing the kind of social rented housing that we need.

We must look carefully at what some housing associations are doing and whether they are behaving more like property companies than agencies for renting to people in desperate housing need. I hope that the Minister can give us some comfort in that regard.

I also want to mention local authority building. For a long time, local authorities were the main source of provision of new housing for people in housing need. Between the 1950s and 1980s, the level of council house building was enormous, and I think that 100,000 houses were completed in 1979. The number declined rapidly after that to almost zero, although it has now increased a little.

Local authority housing has provided good-quality homes for a large number of people, and surely that ought to be the solution to the current crisis. Investment in council housing is a means of regeneration, conquering unemployment and keeping the building industry going. Above all, it is a way to provide for people living in appalling overcrowded conditions and to help to prevent underachievement in school, high levels of crime and all the other problems that result from bad housing and overcrowding. Those can be improved by this strategy.

I hope that the Minister can give us some comfort that it will be possible for the money allocated for housing development during the current crisis and the money given to the homes agency to be used for that purpose.

My final remark returns to the point I started with, which was about allocations policy. There is obviously a huge science around all that, but frankly, I just wish that we could provide housing as of right so that we would not have to have these arcane debates.

I am concerned that the number of households in London that are populated by single people is increasing. Indeed, that is predicted to be the fastest-growing area of social living in London over the next 20 years. In most housing association and local authority allocations, it is hard to get housing for single people. They have to be either vulnerable or elderly or suffering from some serious medical condition.

Increasingly in London, many single people—quite often people in work—must sofa-hop from one friend's home to another, sometimes ending up sleeping in cars and all the rest of it, because they cannot afford private rent at the rate of £200 or £300 a week and cannot be allocated a council or housing association property because they do not figure as a priority. I hope that we can become slightly more balanced and ensure that their needs are met as well as others'.

We have it in our hands to do something about this crisis. If we do not, the result will be sheer misery for those living in grossly overcrowded accommodation, and a more divided social structure in central London, which is in nobody's interests.

10.10 am

Tom Brake (Carshalton and Wallington) (LD): It is a pleasure to follow the hon. Members for Cities of London and Westminster (Mr. Field) and for Islington, North (Jeremy Corbyn), who speak frequently and knowledgeably on London issues. The hon. Member for Cities of London and Westminster was right to point out that housing is one of the most intractable problems that we face as Members of Parliament, whether we represent central or outer London.

The hon. Member for Islington, North asked what the purpose of housing associations was. At the point when a lot of responsibility was shifted from local authorities to housing associations, one of their purposes was to be more representative, accountable and accessible than councils. However, in my experience—it may be his as well—local authorities nowadays are all too often more responsive, in many ways, than housing associations. In terms of democratic accountability, from the housing perspective, it is much easier to put pressure on someone in the local authority than in a housing association. I am afraid that the original intention has been lost in recent years.

I had expected to make only an intervention in this debate. Indeed, before the hon. Member for Cities of London and Westminster turned up a minute or two before the debate, I thought that I would end up making the only Back-Bench contribution, so my remarks this morning are perhaps an extended intervention, containing a couple of key questions for the Minister.

Clearly, this is a critical time for the economy. It is already having a significant knock-on effect on home owners, and it will have a significant effect on people in social housing as well. Job losses will undoubtedly lead to home repossessions and people falling behind with their rent. How many homes does the Minister expect to be repossessed in London this year, and what impact does he expect that to have on the demand for social housing?

The hon. Member for Cities of London and Westminster rightly highlighted the impact of the situation on funding, particularly for projects where the local authority or a housing association is working in partnership to provide a mixture of affordable housing and housing for sale. Is it still the Government's preference to have mixed-tenure development? In the current economic circumstances, that will be more and more challenging.

From a London perspective, the Mayor has a significant responsibility for housing. It is regrettable that the 50 per cent. target for affordable housing to which he signed up during the mayoral campaign has been jettisoned. I welcome his target of building 50,000 new homes, as well as the fact that he places great emphasis on the need for boroughs to be at the centre of what is happening in housing. They have the tough job of balancing strong demand all over London for affordable housing with equally strong demand in many parts of London, particularly outer London, for the preservation of back gardens. Back gardens preserve a green lung and are in many cases the only habitat for wildlife in suburbia. They are often the reason why people choose to live in suburban London; people feel that gardens are an important part of the character of those areas.

I hope that the Minister, as well as the Mayor, will adopt the proposal advocated by Mike Tuffrey, a member of the London assembly, to provide real-time information about the number of homes being built. The Minister might want to put a diode display outside the front of his Ministry to show how many completions there have been each week. We could then see whether the Mayor's targets and the Government's were being met, and if they clearly were not, suitable action could be taken to address the situation.

In a London and national context, in relation to empty homes, it would be remiss of me not to mention something that the Liberal Democrats have banged on about endlessly: equalisation. VAT on new build should be the same as on renovations, to bring back into use the empty homes scattered across London, typically above shops on our high streets.

My local authority is still en route to becoming a two-star arm's length management organisation. Will the Minister reassure us that, notwithstanding the current economic circumstances, the money will be available for authorities that achieve two-star status? My authority has significant housing issues. The housing stock is not of a standard that I feel is appropriate. One of the explanations for that involves my final point.

We have been running a local campaign called "A Fair Deal for Sutton's Tenants", which brought a couple of busloads of tenants up to London to deliver a petition to No. 10 last year. Sutton's tenants, who suffer from housing that is not of an appropriate standard in some cases, make an average contribution of £1,473 each from their rent to the central pot. In effect, £10 million is being taken out of Sutton to subsidise and improve social housing in other parts of the country that we, not having two-star status in our borough, need to invest in improving our own property.

The Government have the issue under review, but I hope that the review will be tough. Local authorities of all political parties will be winners or losers if the Government address the situation. However, this is a fundamental issue of fairness. When tenants in a borough pay their rent, they expect that rent to be spent locally on doing up their own properties. They do not expect £10 million a year to be exported to do up council properties in other parts of the country.

I hope that the Minister will respond to those two or three critical questions, and I hope that the Government, working with the Mayor, will address the provision of social housing in central and outer London. It remains the single biggest intractable issue that we, as Members of Parliament representing London constituencies, must address daily.

10.17 am

Mr. Andy Slaughter (Ealing, Acton and Shepherd's Bush) (Lab): I congratulate the hon. Member for Cities of London and Westminster (Mr. Field) on securing this debate. I enjoyed his contribution and agreed with almost all his analysis and some of his recommendations. I was a bit worried that I would agree with everything; he started to say some nice things about Westminster city council and its long-term concerns about people in overcrowded housing, and I just managed to get to the point of disagreement in the end.

The hon. Gentleman was absolutely right in much of what he said and in some of his recommendations. It is refreshing to hear a Conservative Member talk about the positive side of rented accommodation and the need for it, as one rarely hears that from that party. However, I was left with the impression that what he had really done was to give a justification of the previous Mayor's housing policies, rather than the current Mayor's. I cannot understand from what he said what could possibly have been wrong with a target of 35 per cent. social rented housing, 15 per cent. intermediate housing and 50 per cent. market housing. That seems exactly the right discipline for London at the moment.

The emphasis on social rented housing is based on the fact that, notwithstanding what is said about intermediate housing, it is clearly the area of most pressing need. We know that the past Mayor hopes to come back. If he is looking for a housing adviser, perhaps that job will be available, but the reality on the ground is very different. Housing policy in London is different, because it is now largely in the hands of mainly Conservative boroughs and a Conservative Mayor. I do not want to be a party pooper, but I want to reflect that reality for a moment.

The first point is that the abolition of targets is a very cynical move to ensure that less social rented housing is built in the capital. That process operates to the extent that one of my local authorities—Hammersmith and Fulham—judicially reviewed the Government to reduce the target that was set. Then, having won that judicial review as recently as last week, the authority was crowing over the fact that it now has much lower targets on social housing. It says, as the Conservative mantra has it, that that is because these targets create artificial boundaries. As I often remind colleagues on these occasions, under a previous Labour administration, it was possible to build 80 per cent. affordable housing, split almost 50:50 between intermediate and social rented housing. I would have thought that that was the paradigm for what the Conservatives say they wish to achieve, so I do not know why they should engage in the business of spending public money to go to court to reduce those levels, because not only are targets for affordable housing going but the definition of affordable housing is substantially changing.

The target for what is called "affordable housing", as far as my local Conservative council is concerned, is for people with a per annum income between £50,000 and £72,000. Previously the range was £50,000 to £60,000, but under the Mayor's housing strategy, the range is for people with a per annum income between £50,000 and £72,000. I do not know whether that is what the hon. Member for Cities of London and Westminster had in mind when he was talking about intermediate housing, but that is not what I call intermediate housing. When I talk about intermediate housing, I am talking about people on perhaps £20,000 to £40,000, who are the majority of people in housing need and looking for housing, but who may be able to access a level above social rented housing.

Those people are entirely excluded from my local authority's plans, but it goes much further than that. There are three pillars of housing policy in Hammersmith, the first of which relates to disposal. The reason why the council is unlikely to reach its targets on temporary accommodation is that, for example, it has just sold off by public auction large, good-quality properties for £1 million to £2 million each that provided more than 60 flats for homeless families in the centre of the borough, with family networks, schools and everything that goes

[Mr. Andy Slaughter]

with good-quality temporary accommodation when it is necessary. That sale happened so that those families can be moved, probably out of the borough and certainly into private sector leased accommodation, at a cost to the taxpayer that is three or four times greater than the cost was previously.

As I have already alluded to, the second plank or pillar of policy in Hammersmith is to build no new social rented housing at all in the borough. Again, that is a question of going back, renegotiating with and putting pressure on housing associations not to include any social rented housing at all in new developments.

Most provocatively, the third pillar of policy is to look at the demolition of existing social housing. If all the council's plans came to fruition, up to a third of all social housing in the borough—up to 5,000 units—would be demolished for redevelopment, either as commercial units or as private housing units. I do not have to explain any further; clearly, far from improving things, that policy will make the housing situation locally far, far worse.

Perhaps the hon. Member for Welwyn Hatfield (Grant Shapps), the Opposition spokesman, may wish to allude to this matter, but what must underlie a policy that is stated as reducing the percentage of social housing in Hammersmith and Fulham is a Conservative policy that was mooted last year; I do not believe that it is yet formally official policy. That policy is to relegate the status of social housing effectively to temporary accommodation, to remove security of tenure. I say that because that can be the only conclusion. It is certainly the stated policy of the Conservative administration of Hammersmith and Fulham council that it believes that social rented housing should be available only for emergency housing or for temporary provision. That idea was something that fed into the Conservative party's policy review. As I say, that can be the only conclusion of a policy that says that they wish to see a substantial percentage reduction in the availability of social housing over the next few years, when waiting lists and overcrowding are the highest for a generation.

I finish, as I always do on these occasions, with a plea to the Minister: in relation to London housing, only the Government can wave the stick to ensure that, far from being reduced, the amount of affordable social housing is increased, which I believe is Government policy. That applies not only to local authorities, but to housing associations, and on that point I agree with my hon. Friend the Member for Islington, North (Jeremy Corbyn).

Again, it is partly the fault of the Conservatives that public land sites that previously would have been transferred to housing associations at nil value are now being auctioned to the highest bidder. Of course, once the housing association is saddled with more debt and more expense, it can build only a lower percentage of affordable housing. However, many of the culprits in this situation are precisely the chief executives of the G15 group of major housing associations, who, almost as a matter of pride and policy now, see the future in housing for sale, rather than in housing for rent. That is a complete subversion not just of the function for which they were established, but of what, frankly, they are paid and instructed to do. The Government must come to terms with that, because those people are unaccountable, either to their paymasters in Whitehall or to their tenants, who are primarily the people whom they deal with. That is a matter that we must address.

Grant Shapps (Welwyn Hatfield) (Con): Does the hon. Gentleman share my concern that the Housing and Regeneration Act 2008 specifies that public land cannot easily be sold for anything other than its market value, which sometimes leads to the wrong type of development?

The Parliamentary Under-Secretary of State for Communities and Local Government (Mr. Iain Wright): That is not true.

Mr. Slaughter: I will let the Minister respond in detail to that point, but it is something of a canard. There is a problem at root there, although the hon. Gentleman always finds a lateral way of avoiding his responsibilities as a housing spokesman to make what I often think are rather petty points. As I say, there is a problem with disposal for best value with all public assets, but there are also ways round that problem. However, I agree with him that we often hear from the Government about plans to dispose of unwanted public assets for the benefit of social housing in particular, yet I do not see much of that happening. That is perhaps another area where the Government can pay more attention.

10.27 am

Simon Hughes (North Southwark and Bermondsey) (LD): I am very grateful to the hon. Member for Cities of London and Westminster (Mr. Field) for securing this debate. I will be very brief, because I am sure that the hon. Member for Regent's Park and Kensington, North (Ms Buck), who is very knowledgeable and helpful in these debates, would like to say a word. I will therefore be really quick, taking two minutes to outline the state of play in Southwark and another two minutes to put questions to the Minister.

Southwark has the largest local authority housing stock in London and probably the largest leasehold stock, given the number of people who have bought property. In my constituency, we have the smallest owner-occupation rate in London, so we depend on local authority housing and housing associations—both the traditional housing associations, such as the Peabody and Guinness associations, and the newer ones. I want to reinforce the last point but one that was made by the hon. Member for Ealing, Acton and Shepherd's Bush (Mr. Slaughter) about housing associations. The intention was that they should build property for rent. They should do so, and I hope that Ministers will tell them that that is what their purpose is, not suddenly to do other things.

I also want to reinforce the point made by my hon. Friend the Member for Carshalton and Wallington (Tom Brake) and other Members that housing associations are far less accountable than they should be. As an MP, four out of 10 constituency issues that I deal with are related to housing, and I generally find it far more difficult to obtain good responses from housing associations than I do from the local authorities—Southwark and the City of London—that own the housing stock. That issue needs to be addressed.

I want to put on record the latest official figures, which the Minister will know. The average local authority rent is £76 a week; the average housing association rent is £81; and the average private sector rent is £193. Obviously, things are moving a bit at the moment. Equally, the average house price in London is £315,000; average earnings in London are £25,000; and the income needed for a mortgage is nearly £100,000. Furthermore, there has been a much greater increase in house prices than in earnings. Therefore, most people cannot afford to buy and are dependent on local authority and social housing stock. The most recent figures that I have seen show that in London, private sector completions were 12,800; housing association completions were 9,100; and local authority completions just two—I repeat, two. That is complete nonsense if we wish to respond to need.

I therefore have a number of questions for the Minister. First, what is the policy on empty homes? Should registered social landlords be able to buy or lease them? I am aware of the controversy, but there are a lot of empty homes around and they should be used. What is Government policy and what should housing associations be doing? Secondly, will Ministers consider suspending the right to buy from today, or as soon as possible, for anyone who moves into social housing, to stop the drain that has, sadly, taken too much away? Thirdly, will Ministers consider lowering the starting rate, with shared ownership, for the percentage that one needs to buy? There could be a 5 per cent. purchase with 95 per cent. rent rather than a 10, 15 or 20 per cent. purchase. Fourthly, can we have a response to the question that the hon. Member for Islington, North (Jeremy Corbyn) and others made about single people and couples, key workers and people returning from the services? Such people need to be provided for in all our communities. It is not sufficient to provide only for those who are elderly, vulnerable or have children, because that does not allow us to service the economy, get jobs done and keep communities together.

Fifthly, what is the deal between big and small housing associations? Are the big ones in a position to finance the smaller ones that are in difficulty? I have read in the housing press that some of them are coming to the rescue. Is that satisfactory, or will the Government need to come in and give support? Sixthly, does the new Homes and Communities Agency have the money that I am told it has to release now? Is it waiting to give that money out? If so, can the money be released so that schemes on the drawing board can be delivered? Lastly, there are big developments in my constituency that the Government support, such as the Heygate and Aylesbury redevelopment. I understand that the deals have been agreed but are not being signed up to because the housing associations are nervous that they cannot deliver. Will the Government take an active interest so that the plans that everyone has agreed should happen—this is not a party political matter—can happen? Then people will not be so nervous that new housing is not being built.

10.31 am

Ms Karen Buck (Regent's Park and Kensington, North) (Lab): I have just one or two points to make. First, let me congratulate the hon. Member for Cities of London and Westminster (Mr. Field) on securing the debate. I agreed with almost all of his analysis of the current crisis, including the cash-flow problems facing registered social landlords and the G15 group talking about having more than £1 billion-worth of unsold shared ownership on its books. The underlying problem of the grant regime must also be addressed.

We all need a little more honesty if we are to find a way forward. On the Conservative side, there is the fundamental problem of resolving the issue without resources or due attention to social housing. That was entirely absent from the Mayor of London's strategy. There are also all the reasons that my hon. Friend the Member for Ealing, Acton and Shepherd's Bush (Mr. Slaughter) gave, which I shall not repeat. We need a little more honesty from the Government, too, about the way out of the immediate crisis. One issue that I want to pick up is the desperate importance of taking a more relaxed attitude to the target to reduce the use of temporary accommodation by 50 per cent., because the transfer and movement of people who are in chronic housing need and suffer from overcrowding is being backed up to an alarming degree. The target was based on projections of new housing supply that have since been rendered totally invalid. The London councils inform me that the projection on which it was based was for 7,263 social homes to be constructed this year, whereas there will be about 5,000, and we all agree that the numbers will almost certainly fall off a cliff in 2009.

Even on the basis of previous projections, almost two thirds of all housing nominations are going to homeless households, although I understand why. Everyone in the Chamber, including me, deals with huge numbers of homeless households who are in a desperate situation. No one is suggesting that their needs should be abandoned, but all other housing needs are being squeezed to a catastrophic degree. That squeeze is having an impact on community cohesion in all parts of London, in addition to the problem with housing need. It is time to be flexible about the target and to use the HCA's £17 billion budget to ensure that we provide settled, long-term accommodation for homeless households in the thousands of privately rented accommodation properties that are mainly ex-right-to-buy. Otherwise, £400 a week a more is paid in rent for such households.

My final point is about an issue that the Minister has addressed and has heard me raise before, but which still goes on: the exporting of homeless households from areas where they have strong local needs. I promised to raise a case about which I have written to him concerning a Bangladeshi family with 27 years of local connection to the Church Street ward. They were born and bred there, they work locally and their children are in Gateway school in that ward, but they have been sent to Barking and Dagenham where there is a problem with community cohesion. As my hon. Friend the Member for Ealing, Acton and Shepherd's Bush has said, we look only to the Government to enforce the rules and to help us to deal with this crisis, which has been so well described this morning.

10.34 am

Sarah Teather (Brent, East) (LD): Let me begin by congratulating the hon. Member for Cities of London and Westminster (Mr. Field) on securing the debate, which has been useful. It has covered much ground that

[Sarah Teather]

has been covered in previous housing debates, usually with the same speakers. The focus on the economic crisis is useful to the overall debate on housing need.

Like most hon. Members who have spoken today, I have acute problems with housing in my constituency, in which about 20,000 families are on the housing waiting list. One in 10 children in Brent live in temporary accommodation. Nationally, 1.7 million are on council waiting lists. As the hon. Member for Islington, North (Jeremy Corbyn) has said, the issue is fundamentally one of supply, which is why it is important to tackle the problems that prevent housing associations and councils from meeting targets on affordable housing for rent.

The issue is partly about lending, as the hon. Member for Cities of London and Westminster said. Many of the housing associations that managed to secure private finance before the credit crunch hit have found that banks are trying to renegotiate the terms of their loans. They say that will happen at the end of this financial year, when land that they purchased previously will be downgraded in value, appearing as a large loss in accounts and audits. The banks will use that as an excuse to renegotiate loans. That is affecting the larger housing associations; it is not just about smaller housing associations having difficulties with liquidity. As it is predominantly the larger housing associations that are building and developing properties, they are having the greatest difficulties.

There is also a problem with cross-subsidy, as many hon. Members have said. It is essential that the Government consider creating more flexibility in the subsidy per unit. This is not necessarily a long-term issue—it is a short-tem one—and it is crucial that the Treasury relax the rules. We have to accept that, for the moment, it is going to cost more to build affordable housing for rent. If we do not relax the subsidy, no housing will be built.

Jeremy Corbyn: Does the hon. Lady agree that it is important to have more fairness for housing co-operatives? By their nature, they cannot, and do not, become involved in the sale of property, as that is against their ethos, so they need more support with new building.

Sarah Teather: The hon. Gentleman makes a valid point.

Another relevant issue is flexibility for councils, which would probably find it easier to borrow on the financial markets at the moment as public sector bodies, but the Treasury rules on council borrowing make that difficult. In addition, they cannot keep the capital receipts for properties that have been sold under the right to buy. As my hon. Friend the Member for Carshalton and Wallington (Tom Brake) said, there is uncertainty about the amount of housing rent money they can keep. They are not in a position to borrow, but they could make a greater contribution to meeting the need for affordable housing to rent if they had that flexibility.

Many hon. Members have mentioned the social housing model. The whole point of having cross-subsidy and a mixed economic model is to ensure that we do not have ghettoised communities, but there is another option. We could have affordable housing for rent, intermediate rent and private rent in the same developments. What consideration are the Government giving to intermediate rents? Such rents would make a substantial difference to the ability of housing associations to meet the sustainable communities requirements that the Government place on them and on councils when they are able to build developments. They would also ensure that those involved were not stuck with a model where they could finance the development only through private sale, which is, of course, what is causing difficulty. Is it really a sensible policy priority for the Government to push people into home ownership at the moment? As property prices are still going down, is it not more sensible to use the subsidy to try to make sure that we build more affordable housing for rent? There is no reason why those properties cannot be sold later, either through shared ownership or on the open market, if that is appropriate and if lending comes back on stream. However, banks are not offering mortgages for shared ownership properties anyway, so it does not seem to be a particularly sensible priority for the Government to continue to put money into that when so many families are absolutely desperate for affordable housing to rent.

10.40 am

Grant Shapps (Welwyn Hatfield) (Con): I congratulate my hon. Friend the Member for Cities of London and Westminster (Mr. Field) on securing the debate—it is a pleasure to have a debate secured by a Conservative colleague. In relation to affordable housing, he has demonstrated that even Conservatives who represent London boroughs that might to the casual observer seem to be well off share exactly the same problems as hon. Members who represent other parts of London and, indeed, areas just outside London—as is my constituency.

The areas of deprivation that my hon. Friend highlighted are of considerable concern and historical in his part of London. Things are moving in the wrong direction, rather than the right, and I have been struck by the degree of consensus across the Chamber this morning. I think that everybody agrees that the fundamental problems derive from not having built enough housing of all types in recent times, notably social housing. That has led to a crisis—the shortage of available homes—that is perhaps unparalleled since the war. Again, that applies to all categories of housing, but notably social and rented housing.

Time is short, so straight away I will talk about what should be done about the problem and ask the Minister for his thoughts. First, there are too many small, minutiae-type projects going on to try to tackle the problem. What is required is big thinking, not a lot of press release-type thinking. Too many small, sometimes complex and contradictory programmes are out there. We know that Social HomeBuy has been a spectacular failure. It was designed to help 10,000 people over two years, but is has helped 235 people over that period. What is the Minister going to do about that? Just the other month, a new scheme called HomeBuy Direct was announced to help people to obtain shared equity and get a foot on the housing ladder. Having spoken to social providers, affordable housing providers and developers, it seems that HomeBuy Direct and New HomeBuy can end up in direct conflict with each other in some developments.

We hear that a new announcement will be made by the Minister for Housing this Friday, which will involve £200 million and is designed to help people to get on to the housing ladder. Again, I fear that that will involve small, meddling schemes that no doubt have good intentions, but which will not solve a crisis of the kind that we have got ourselves into.

Ms Buck: On supporting people into home ownership, does the hon. Gentleman believe that priority should be given to households that earn more than a Member of Parliament earns?

Grant Shapps: We could get into a debate about exactly where the threshold should be, but as my hon. Friend the Member for Cities of London and Westminster pointed out, the average salary in one part of the country—and therefore the average availability of housing, as we know through the local housing allowance—can be very different from that in other parts of the country.

Levels of affordability mean that people can be in deprivation when they have relatively high earnings. It is nonsense to suggest that the situation is the same across the country. For example, this week, I visited social housing in the west midlands, where housing is significantly cheaper than in Cities of London and Westminster. We must have some flexibility, and therefore the numbers will be different.

Let us get back to the big picture. As I have said, we are suffering the consequences of nearly 12 years of less housing being built. On average, some 30,000 fewer units are completed each year under this Government. Things such as the density targets, which have been referred to this morning, have had a significantly damaging effect on the range of property available and, in many cases, have meant that the wrong types of property are available and are in surplus. Families in many hon. Members' constituencies will therefore struggle to get into decent housing. Does the Minister think that it is time to end density targets, which have done so much damage?

Surely, a proper scheme to kick-start the housing market is required. Back in the early 1990s during the last recession, 60,000 affordable homes were built in 1992. Why is it that next year we will be lucky to scrape 10,000 or 15,000 affordable homes? That is a great shame and does not reflect well on current housing policy. I will end my contribution there to allow the Minister to answer some of those points.

10.46 am

The Parliamentary Under-Secretary of State for Communities and Local Government (Mr. Iain Wright): I join other hon. Members in congratulating the hon. Member for Cities of London and Westminster (Mr. Field) on securing the debate. I have said before in this Chamber that for an hon. Member who represents what is seen as an affluent area—arguably the most affluent in the country—the manner in which he represents all his constituents in this place is testimony to his character. That has been shown today.

This has been an excellent debate and the hon. Gentleman set the scene extraordinarily well. His analysis was extremely strong, particularly when he pointed out that we have had many housing debates in the House, but the manner in which the current economic crisis is having an impact on housing markets makes such debates particularly important. The recent economic crisis is bringing such problems into even sharper relief, with consequences for home owners, house builders and prospective buyers. The full effects of the crisis are yet to unfold, but it is clear that the social housing sector and affordable housing in general are being affected.

There is more pressure on the stock of such housing because of increasing unemployment and the possibility of rising repossessions. There have also been strains on the business model, which was another strong element of the hon. Gentleman's contribution. Other hon. Members also mentioned the business model and I would like to talk about it at length if I have time.

The Government want to address two challenges. First, we wish to ensure that much-needed social housing gets built. Increasing the supply of housing is vital, and despite the current pressures and the financial difficulties that the world is experiencing, we need to build more homes. Secondly, as has been mentioned in this excellent debate, we need not only to build homes and concentrate on numbers, but to drive up quality throughout the sector, offering a better quality of life and a fairer deal for tenants.

I do not have much time in which to speak, but I would like to paint a picture and set out some important scenarios regarding central London boroughs and the need for housing that illustrate the scale of the problem we have been talking about. More than 2,700 households are in temporary accommodation in Westminster, and in 2007, 1,344 households were on the waiting list for social housing in the City of London. That shocked me, because I was probably guilty of believing the perception and myth that there was no need for social housing in that part of the world. More than 8,000 people are on the waiting list for social housing in Westminster. As in all other regions of the country, waiting lists throughout London—particularly central London—have gone up.

There is also concern in some areas about the options on offer once people are in social housing and need to move home—for example, because their family has grown. My hon. Friend the Member for Regent's Park and Kensington, North (Ms Buck) gave me the courtesy of allowing me to go to her constituency in the summer, when I visited five families in Westminster who were living in cramped and overcrowded conditions. The purpose of my visit was to see at first hand the impact of that on their quality of life and their life chances. What I saw shocked me and I want to do something about those problems.

It is clear that we still have some way to go in tackling overcrowding, and in reducing the use of temporary accommodation and—this particularly concerns me, and my hon. Friend mentioned it—out-of-borough placements, so that children do not have to travel a long way to school and the family unit can stay together and remain concentrated as much as possible in one place.

A theme of today's debate has been the cross-party consensus on the analysis of the problems and the willingness and ambition to do something about them. I hope that all hon. Members will work with the Government and local authorities, as well as with the Mayor of London, to try to deal with those problems. Just before Christmas, I had a meeting with Westminster city council's director of housing at which we discussed the related problems of overcrowding, temporary accommodation and out-of-borough placements, and I am keen to impress on the director and the local authority the need to do much more.

[Mr. Iain Wright]

There have been serious problems with affordability, and, despite recent house price falls, that remains the case. The ratio of house prices to average earnings throughout the country is high, which is one reason why we need to build more homes. In central London, as hon. Members would expect, the problem is particularly acute. In the City of London, lower quartile house prices are more than 12 times lower quartile earnings; in Westminster, they are more than 13 times. That really is an astonishing statistic. By comparison, the average ratio throughout England is less than seven times. We are painting a picture of real need for more homes and, in particular, more affordable and social homes in the City of London. The National Housing and Planning Advisory Unit states that somewhere between 33,800 and 42,600 homes are needed each year in London to tackle the supply and affordability problem.

Ms Buck: If I read correctly the body language of the hon. Member for Welwyn Hatfield (Grant Shapps), who spoke for the Opposition, he implied that the statistics that the Minister has just cited rather undermine my argument about the Mayor of London choosing to raise the threshold for assistance to significantly more than a Member of Parliament's salary. I would argue that the Minister's figures confirm my case, because the sheer scale of demand that he outlined for intermediate and sub-market housing and housing for rent confirms that we must prioritise. Does the Minister agree that people earning more than a Member of Parliament are unlikely to be our top priority for affordable housing assistance?

Mr. Wright: I agree with the sentiments that my hon. Friend expresses. The Mayor's priorities are somewhat odd and confusing, as is his housing policy. I am keen to work with him, however, and if I have time, I shall articulate the current architecture of London and its housing policy, and how we can do more to work together.

There is an issue about scrapping the 50 per cent. affordable housing target, and about the idea that we can help people who are on more than £70,000 when there are real priorities. My hon. Friend the Member for Ealing, Acton and Shepherd's Bush (Mr. Slaughter) said that there are people on £20,000 a year who are really struggling, distorting the economy and reducing the chances of the London economy achieving its potential. We really need to concentrate on that element. That is an important point.

Mr. Mark Field: I do not want to bandy around the remarks involved in the little battle that is taking place between my hon. Friend the Member for Welwyn Hatfield (Grant Shapps) and the hon. Member for Regent's Park and Kensington, North (Ms Buck), but surely the Minister acknowledges that one of the biggest concerns in London involves people who are on £72,000.

I would not have set the target quite so high, but, equally, we are talking about not only people who are on £20,000 a year, but about people on £50,000 and £60,000 who desperately want to stay and live in central London. They simply cannot get on to the housing ladder, but there is that sense of needing to try to achieve a mix, because it is in all our interests to have mixed communities. The case is slightly easier to make for someone on £20,000 a year, and I know that it is more difficult to make when one is looking at a multiple of the average national wage, but that is the depth of the problem here in central London.

Mr. Wright: I fully understand what the hon. Gentleman says, and I know that in the economy of central London the wages of a certain element of its population are proportionately much higher than those of people in the rest of London and the rest of the country. He made the point, however, that had he been Mayor he would not have set the level at £72,000, which seems to indicate to me, and probably to my hon. Friends, that the level is wrong and that the measure should have been concentrated on people on lower wages. We could have helped an awful lot more.

I want to mention several points, particularly about how we can help to increase supply. Hon. Members will know about the £8 billion investment programme that the Homes and Communities Agency has planned over the next three years. It has been mentioned this morning, and we anticipate that it will provide 70,000 affordable homes, including 45,000 homes for social rent each year from 2010-11.

London is the biggest recipient from that £8 billion pot, receiving about £4 billion over the next three years, £3.2 billion of which will be London's element of the national affordable housing programme. A further £440 million will be allocated for local authorities' decent homes programmes.

Hon. Members will know that the HCA is up and running—it has been since 1 December 2008—and is responsible for housing and regeneration funding. We have talked today about partnership, and the HCA, with Bob Kerslake as its chief executive, wants to bring people together to have with local area representatives a single conversation about their regeneration and housing needs to deliver better focused and more effective outcomes for places and communities. Given the particular challenges in London, a sub-committee chaired by the Mayor has been set up to oversee delivery.

A key theme of this morning's debate has been the fact that pressure will increase on social housing in central London as a result of the economic downturn, and I agree with the analyses that hon. Members from all parts of the Chamber have provided. The strains on the business model in housing association sectors have been acute, and there has been an assumption that housing associations will have to rely on cross-subsidisation to build social housing. One thing that concerns me, however, having spoken with chairs of housing associations, is the fact that, because of the difficulty and the financial concerns, they are more risk averse—in a similar way to the banks. There is no willingness to increase their stock, and they want to manage their existing stock, but that does not help anybody.

The hon. Member for Cities of London and Westminster mentioned lending. He talked about trying to renegotiate the banks' lending covenants and how the banks have introduced difficulties and obstacles—an issue that has been raised with me previously. Before Christmas, I met housing association chief executives and the National Housing Federation, and precisely that point was made about attempts to renegotiate a group structure and the bank involved wanting to renegotiate its entire lending policy. That is not good; it is short-termist and does not help anybody, and this debate has put a rocket up me, frankly. It has ensured that I can go the lending panel, which my right hon. Friend the Chancellor chairs, and say that we need to do something about the issue. It is not in the interests of increased housing supply if banks are not willing to take a sensible approach to lending.

Having said all that, and given the strains on the business model, I must say that the hon. Gentleman and my hon. Friends will be aware that we have acted speedily to bring forward £550 million-worth of spending on social housing from the £8 billion pot. That will not only ensure that homes are built, but keep construction firms open and people in jobs, which is vital at this time.

Another theme of today's debate has been the need to be more flexible about grant rates, and I absolutely agree.

Mr. Field: *rose—*

Mr. Wright: I shall just mention this point, because it is key. The key word at the moment is "flexibility", whether in grant rates, models of home ownership, different tenures or different ways to bring forward development, which is what we are doing. The HCA is providing a great deal of flexibility in its grant regime to enable those schemes to go forward, so I hope that hon. Members are reassured by that.

Mr. Field: I thank the Minister for giving way. Will he briefly address the point that I and the hon. Member for Regent's Park and Kensington, North made about the 50 per cent. target on temporary accommodation and its distorting effect? Will the Government look again at the issue, with some urgency, either to scrap the target in the short term or to place some downward movement on it?

Mr. Wright: My hon. Friend the Member for Regent's Park and Kensington, North has brought the issue to my attention on previous occasions, and I am aware of her concerns, as well as those of the hon. Gentleman, about the relationship between temporary accommodation, overcrowding and—an important secondary issue, in my opinion—out-of-borough placements.

I shall look at the issue. The temporary accommodation target is important and has provided discipline to try to reduce the real moral outrage of people in inferior housing, but I know that there are genuine concerns—*[Interruption.]* And I know that my hon. Friend is shaking her head now. The target has stimulated work and improvements, but I know that there are concerns and I acknowledge them.

I pay tribute to the contributions made by all hon. Members. The debate has been of extremely high quality, and the analysis focused and well made. We can all work together to improve London's housing stock.

Chase Farm Hospital

11 am

Mr. David Burrowes (Enfield, Southgate) (Con): I am pleased to have secured this important debate on Chase Farm hospital. It is a matter of great concern to my constituency and neighbouring constituencies, and I welcome the hon. Member for Edmonton (Mr. Love) and my hon. Friend the Member for Broxbourne (Mr. Walker) to the Chamber. This issue is of concern to the community of Enfield, which is made up of 300,000 people, as well the surrounding area. Some 1 million people have been affected by recent decisions on Chase Farm hospital.

Issues affecting the hospital have been debated in the community for a number of years. We often say that a debate is timely, but this debate is particularly timely. Discussion has been going on since 1999, when the trusts were merged. We were given promises that a full range of front-line services would continue on both sites, followed by the "Healthy Hospitals" consultation in 2003, and recently, the "Your Health, Your Future: Safer, Closer, Better" consultation.

The primary concern is about the future of a fully functioning accident and emergency service and consultant-led maternity services. Those services have been in doubt, and over the years successive Ministers have come to Chase Farm hospital—particularly at election time—to provide assurances that the A and E service would not be downgraded. Come the next election, however, we will not have that privilege. The future of A and E and consultant-led maternity services is no longer in doubt, because on 4 September 2008, the Secretary of State confirmed the local primary care trust's decision to cut those services.

Joan Ryan (Enfield, North) (Lab): I congratulate the hon. Gentleman on securing this debate, and I agree that it is timely. Before he moves on from the history of the situation at Chase Farm hospital, may I point out that it has been a subject for debate for the past 20 years? Does he agree that the consultation processes that we have experienced personally have been wholly unsatisfactory, and that efforts to engage the public in such consultations have not facilitated their access to the process nor their ability adequately to express their views?

Mr. Burrowes: The consultation was inadequate and flawed, which is why this debate is particularly timely. Enfield council challenged the decision through judicial review, and the flawed consultation is at the heart of that challenge. If the Minister has any concerns about commenting on the details of the challenge or the decision, he may be pleased to know that the rule of sub judice does not apply in this case, because when a ministerial decision has been challenged, full debate is allowed. No jury would be affected by our debate today, so we can have a full and frank discussion, and I look forward to the Minister's response to concern about the wholly flawed and inadequate consultation process.

The legal challenge should not surprise us. It did not surprise me when I received the Secretary of State's letter on 4 September, which referred to "Your Health, Your Future", with the sub-heading, "Safer, Closer,

[Mr. Burrowes]

Better, Barnet"—no reference to Enfield. The letter went on to say that the independent reconfiguration panel

> "has considered a great deal of evidence from a wide range of contributors".

It then talked about

> "the needs of patients, public and staff to ensure safe, sustainable and accessible maternity services in East Sussex."

There was no mention of Enfield. That was plainly a mistake, but it gives rise to concerns at the very outset that this was a copy-and-paste decision, using national guidance and models, in relation to centralising A and E and maternity services.

Mr. Charles Walker (Broxbourne) (Con): Does my hon. Friend agree that the various consultations seem to have ignored the fact that approximately 150,000 people in Hertfordshire use Chase Farm A and E and other Chase Farm services? My constituents now face not only the prospect of a reduced service at Chase Farm, but reduced services at the QE2, so their nearest A and E will be the Lister, which is approximately 30 miles away and can take an hour and a quarter to get to in the rush hour, if not longer.

Mr. Burrowes: My hon. Friend makes a good point. Yesterday, I was talking to an ambulance man who raised a similar concern about the travel time to neighbouring hospitals, with the loss of accident and emergency services. My hon. Friend has been a doughty campaigner on behalf of his constituents and I pay tribute to him, as well as to his 16,423 constituents who signed the petition that was delivered to No. 10 and the House of Commons. That petition was ignored, along with the concerns of Enfield residents. That is summed up by one campaigner, who said that the recent comments made in the House by the Minister who will respond to the debate today have raised acute concerns that the interests of Enfield and neighbouring constituencies have not been properly considered and, indeed, that those concerns have been treated with contempt. In parliamentary terms, this debate comes soon after business questions in the House on 16 December, when my hon. Friend the Member for Eddisbury (Mr. O'Brien) asked the Minister:

> "Will the Minister find time before Christmas to go to Enfield and tell the people there why they do not need an accident and emergency department at Chase Farm hospital and why it will be replaced by a non-blue light service at the urgent care centre?"—

I am not aware that the Minister took up that invitation to come to Enfield before Christmas to explain the position, but we have an opportunity today to get a proper explanation and to recognise the timely report by the College of Emergency Medicine, which concluded:

> "There is no evidence of the clinical or financial benefits",

and that the Government's proposals are

> "clinically unproven and against the principle of patient choice of access to proper emergency care."

We look forward to an explanation from the Minister that goes further than his response to the House, in which he sought to hide behind the legal challenge, which we now know is unnecessary, given the rules of sub judice. He concluded:

> "Everybody ...is agreed that the proposals are the best solution for the north-east London health economy."—[*Official Report*, 16 December 2008; Vol. 485, c. 955-56.]

We have already heard today that that is not the case, and that it is untrue. The words of Kate Wilkinson, one of the staunch campaigners on this issue, are pertinent. She says on behalf of many people that the Minister's comments

> "showed utter contempt for the strength of public opinion that has been shown so far and for the hours of work (years!) that various health scrutiny committees have undertaken to scrutinise the proposals in depth."

Those objections and that scrutiny have been made on a cross-party basis, in an investigation ably chaired by Councillor Ann Marie Pearce, of the joint scrutiny committees of Haringey, Barnet and Enfield, which are united in their opposition. Opposition has also been ably led by my colleague Nick de Bois, and by Irene Wilson and Ivy Beard, who has come to hear our debate today. Opposition has consisted of a large number of petitions—notably one that was organised by Irene Wilson and presented to No. 10, which was signed by 30,000 people—and marches. Some 5,000 people participated in one march. Hon. Members present in the Chamber today and I were united at the front of that march. We were concerned and were campaigning against the downgrade of A and E and consultant-led maternity services. Also notable was a petition organised by Nick de Bois during the consultation process. It was signed by 9,000 residents. More than 70,000 people have signed petitions or made representations, and all of them objected to the downgrade. That is why it is time that we heard a full explanation from the Minister.

This debate is timely because last night, something unexpected happened that made me aware of the need to retain services. Today, I could focus on the independent reconfiguration report, which expressed concern about the flawed consultation. I could focus on the 50,000 responses that were rejected in the consultation process. I could focus on the fact that option E, which would retain and improve existing major services at Chase Farm, was not included, and that the consultation document, as has been said, was fundamentally flawed and poorly communicated. I could emphasise the transport problems in east Enfield, in Cheshunt and in Winchmore Hill in my constituency, or I could focus on the capital plans, which the independent panel said do not have a clear source of funding.

I could speak about the concerns of chief executives and funding gaps. The chief executive of North Middlesex hospital is extremely concerned about how she will find the extra £60 million required—over and above existing plans for the private finance initiative expansion at North Middlesex hospital, which is welcome—to cater for the increased demand should Chase Farm hospital be downgraded. The chief executive of Chase Farm accepts that the planned £100 million will not be enough to cover the improvements necessary for the three sites.

Last night, I attended A and E with my daughter, Dorothy, who suffered a fall and an injury to her head. Perhaps that is taking preparation a little too far but, thankfully, my daughter's injury was minor. The Minister would probably be quick to say that such an injury would be catered for under the proposals for a downgraded unit. Let us not call it a local A and E, as that is ambiguous. One could describe it as an urgent care unit, but we need further details about what that means. However, it would deal with a minor injury such as the one that Dorothy suffered.

Just behind us at reception was the family of a constituent—an old ex-council colleague whom neighbouring MPs will know well. Last week, Richard Course suffered an aneurysm and thankfully survived. His family came to the hospital last night to thank the staff for saving his life. I pay tribute to the staff who did that—they save lives day in, day out. The family wanted to make the point that Mr. Course would not have survived under the proposals, as there was no time because of his aneurism to transfer him to Royal College hospital. Chase Farm—and the location of Chase Farm—saved his life. It also saved the life of my father when he suffered asthma attacks. Timing was crucial, so it was important he could get there quickly, and no doubt many others have similar experiences. I could also mention the complications during the birth of one of my children. A mid-labour transfer to another hospital would have jeopardised his life.

Mr. Mark Field (Cities of London and Westminster) (Con): I have some experience of the matter, having lived in Enfield in the run-up to the 1997 election when I was the candidate there. Chase Farm hospital was a big issue at that stage.

Does my hon. Friend agree that, given that there was a case at that juncture to keep the A and E open, that case is considerably stronger a decade or so on, not least because of the huge increase in population? The Enfield Island site was still in gestation in the late 1990s. It is now fully finished, and a huge number of people live in that part of eastern Enfield. The case is even stronger now, and it should be made by all the folk who have a local concern in Enfield.

Mr. Burrowes: I wholeheartedly agree. The Enfield area has a disproportionate number of nought to 14-year-olds and of over-74s, and the population is increasing dramatically. If one looks at maternity services, the latest statistics from the Office for National Statistics show that there has been a 17.5 per cent. increase in the birth rate, which is the second highest in London. The population of Enfield is the fifth largest and is increasing. The case was good when my hon. Friend was campaigning there, but it is even better now.

The situation became clear to me last night. I heard about it while speaking to various practitioners who were present. It was a very busy evening. There were three patients on trolleys who were waiting for beds. They were there with ambulance men, who said that usually people wait one or two hours for a bed. They explained that 164 patients had gone through A and E the day before yesterday. Patients were waiting to be offloaded from ambulances—they were stacking up—and four patients waited on trolleys for a bed. They said that overnight there had been 22 admissions for the 16 beds in the wards.

The observation unit is often full to the extent that there is 24-hour observation, which goes beyond the remit for observation. I was told that the Barnet and North Middlesex hospitals were full that evening, and that often it is obvious from the board that Barnet is full. Indeed, Enfield often takes more patients than the surrounding hospitals. The ambulance men and nurses told me that patients often require urgent surgical and medical attention, and that time is critical. Time-critical patients coming from the surrounding area are often elderly—every minute matters—and they need a local hospital to deliver the care they require.

North Middlesex hospital is the fifth busiest in London. It would have to take up capacity from Chase Farm hospital. The words of Sir George Alberti are particularly pertinent:

> "Care will be needed to ensure that capacity is adequate at the two sites so that the end result is not two swamped departments unable to provide the level of care required."

The Government hired him to provide advice, and they ought to listen to his words extremely carefully.

The concerns expressed by the ambulance men and nurses should be heard, as should the concerns of the consultants and doctors to whom I spoke last night. They said that the closure does not make sense, and that it is madness, given the demand coming through Chase Farm. They said that their concern and that of others was that if A and E were to close, it would lead to the end of the hospital. None of us would want that; it does not make sense. In legal terms, practitioners are concerned that the decision is irrational. No doubt that is why the council is challenging it, and it is why the Minister should give a full explanation today.

All that comes before we talk about maternity services and the grave concerns about a lack of true clinical benefits and the loss of consultant-led maternity services. Midwives have communicated their concerns. A group of 10 said that the closure will result in fatal outcomes if a shoulder dystocia occurs—that is when the baby's head is delivered but the shoulders become trapped. They said that there are six minutes to deliver the shoulders before brain damage or even the death of the baby occurs. If a woman starts to haemorrhage during or after the delivery of the placenta, she could bleed to death in minutes. Those events and many others cannot be predicted during antenatal screening for suitability to deliver at the birth centre.

The birth centre and the labour ward at Chase Farm hospital are an ideal configuration. The midwives at the birth centre say that seven out of 10 women would not choose to go to the birth centre if the labour ward were not downstairs. Who can blame them for not taking a risk? Sadly, Enfield mothers would not choose to have their baby at the birth centre if there were not the assurance of a labour ward there as well. I again pay tribute to the staff at Chase Farm and to those who have worked tirelessly for local health care. I congratulate Nadia Conway on being awarded an MBE for her services. I commend the progress made in a number of areas that we do not have time to debate today. I am thinking particularly of infection control: Chase Farm has been praised for its cleanliness, staff knowledge and commitment to ensuring that appropriate control mechanisms are in place.

We are all convinced—there is almost unanimous support in the community for this—by the argument that the best opportunity to improve services is at Chase Farm. We need to ensure that we have a fully functioning A and E and consultant-led maternity services. That is what the council has said in motions and what the challenge is all about. Now the Minister has an opportunity to provide an explanation. I hope that he will use the

[Mr. Burrowes]

opportunity to say, "No, we're not just going to go to court. We're going to retain a fully functioning A and E and maternity service."

11.20 am

The Minister of State, Department of Health (Mr. Ben Bradshaw): May I begin by congratulating the hon. Member for Enfield, Southgate (Mr. Burrowes) on securing the debate? I would like to recognise the good work being done by NHS staff throughout Barnet, Enfield and Haringey. They are delivering a better-quality health service than ever before, benefiting the constituents of the hon. Gentleman and of other hon. Members.

Before addressing the detail of the concerns that the hon. Gentleman raised, it is important to put in context the proposals that he discussed. During the first 60 years of the NHS, society, technology and medicine have changed beyond all recognition. Today, patients with more and more conditions can be treated and cared for in their own homes or local communities, and for many of the procedures that still require hospital admission, the length of stay has reduced dramatically. As medical science has advanced, NHS staff have become capable of ever more extraordinary feats of clinical care. For some complex procedures or operations, it is important to have well-equipped and well-staffed specialist centres where round-the-clock consultant and specialist nurse expertise can be assured and where sometimes extremely expensive technology can be concentrated. There is a kind of two-way traffic in the health service: an increasing amount of care is being devolved out of the traditional acute hospital setting into the community, GP practices, health centres and people's homes, while more complex, specialist, emergency or acute care is being concentrated in fewer, more specialist centres. The changes in health care in north London are taking place in that environment.

It is important to stress at the outset that the organisation of health care is no longer decided by Ministers or civil servants in Whitehall, but by local health care professionals on the ground. Organisational changes must be based on medical grounds—what is best in terms of patient care. If democratically elected local councillors wish to object to proposals from their local health service, they can do so—as they have in this case—and refer the proposals to the national independent reconfiguration panel. That system was deliberately set up to take the politics out of such decisions and it has served the NHS well. The IRP is genuinely independent. It has, for example, rejected two major reorganisations in recent months, in Oxfordshire and in East Sussex.

As the hon. Gentleman acknowledged, there has been considerable local debate about how health services should be organised in north London, dating back a considerable time. The Barnet, Enfield and Haringey clinical strategy set out how the NHS proposed to provide services to his constituents. The proposed case for change was as follows. Services are duplicated across hospital sites. Some local hospital buildings are in poor condition and are no longer suitable to deliver the high-class care required. Despite recent significant increases in investment, local health services are overstretched and score poorly against national standards. The current pattern of children's, neonatal and maternity services locally is neither safe nor sustainable in the medium and long term.

As part of the work leading up to the launch of the formal public consultation on the proposals, and as the hon. Gentleman acknowledged, NHS London invited Professor Sir George Alberti, the national director for emergency access, to work with the local NHS and offer an independent view on the medical clinical case for change across Barnet, Enfield and Haringey. His work was published in May 2007, and he stated:

> "Put starkly, it is evident that safe, high quality modern care cannot be provided for all specialties in all three acute hospitals in the area…Care of the standard that members of the public have a right to expect will require the centralisation of some specialties on two of the three hospital sites. Immediate care around the clock by experienced clinicians cannot be guaranteed whilst efforts are made to maintain all three sites as full acute hospitals."

Following formal consultation on the strategy, Barnet, Enfield and Haringey PCT boards met in December 2007 and agreed unanimously to take forward option 1 for their clinical strategy. The hon. Gentleman and other hon. Members will be well aware of what that option involves. In-patient planned operations—hip and knee replacements, for example—will be concentrated at Chase Farm and expanded. The existing service will expand to incorporate surgery from Barnet and North Middlesex hospitals. The local NHS estimates that 240 patients a month will benefit. Separating out planned care, provided at Chase Farm, and emergency care, provided at Barnet and North Middlesex, has the benefit of reducing the number of planned operations that have to be cancelled because of an emergency admission.

There will be an extended-hours local A and E service, led by senior A and E-trained clinicians at Chase Farm hospital, which will be open for at least 12 hours a day to cover the period of maximum demand, with urgent care outside those hours provided by a co-located GP out-of-hours service. That means that Chase Farm will no longer take blue-light ambulance cases or patients who require emergency admission to hospital. However, the local NHS estimates that 80 per cent. of people who attend A and E at Chase Farm hospital could continue to be treated by the new service on the site. The proposal recognises that it is better for seriously ill or injured patients to go to a bigger, better staffed and equipped A and E rather than a smaller one, even if it is closer. To put it simply, bigger specialist A and E centres save lives.

There will be a midwife-led unit at the Chase Farm site replacing the existing consultant-led service. The service will be available for women identified as low risk, which is the majority of expectant mothers. There will also continue to be a full range of antenatal and post-natal services. The recommendations from the Royal College of Obstetricians and Gynaecologists on the consultant presence and the volume of births per unit for the safe delivery of babies in high-risk cases led to the conclusion that two sites would provide a safer and better service than three. Similarly, the support needed from paediatricians for a special care baby unit and the required round-the-clock anaesthetist cover could not be provided on three sites.

A new specialist consultant-led paediatric assessment unit and an older people's assessment unit will be established at Chase Farm, and they will serve patients currently seen at A and E by the in-patient paediatric and older person teams on site. That will allow specialist teams to assess patients and treat or refer them appropriately without the patient having to be admitted to hospital and treated as an in-patient, as happens now.

Joan Ryan: The one thing that we are relieved about is securing the future of the hospital at Chase Farm, given that the very presence of a hospital there has been under threat. However, my hon. Friend the Minister talked about taking the politics out of the situation. We in Enfield feel that we have done that. The Minister can see that there is cross-party concern. There are no residents or public representatives in Enfield or, clearly, further afield—in Cheshunt, for instance—who in any way support a reduction in services at Chase Farm. The final comment that I want to make is that all the doctors, nurses and other staff at Chase Farm do a fantastic job and deserve the tribute that we pay to them.

Mr. Bradshaw: I entirely accept what my right hon. Friend has just said. I was trying to make the point that the system that the Government have established, which involves the referral from the overview and scrutiny committees, the democratic check that that provides and the role of the IRP, was set up to try to avoid the political wrangling that has dogged some of these reorganisations, which I admit are often controversial at local level.

Mr. Andrew Love (Edmonton) (Lab/Co-op) *rose—*

Mr. Bradshaw: I will give way very briefly; I was not left much time to reply.

Mr. Love: I shall be as brief as I can. Although I accept what has been said about trying to take the politics out of the situation, what people in Enfield simply cannot understand is how, given the overwhelming support for the hospital and what it represents, people could go against that locally determined decision.

Mr. Bradshaw: I hear what my hon. Friend says. Hon. Members will have to forgive me: I will not be able to cover all the issues that I wanted to in the time that the hon. Member for Enfield, Southgate allowed me, but I want to put this on record. He referred to an exchange in the House of Commons before Christmas. I did not mean to imply that the proposals that we are talking about were supported by everybody in north-east London; that is clearly not the case. I am well aware of local concerns, not least because of the assiduous lobbying by my right hon. Friend the Member for Enfield, North (Joan Ryan), who has not only brought all-party delegations to see me, but has lobbied my right hon. Friend the Secretary of State. I believe that her campaigning has succeeded in improving the original proposals substantially. The hon. Member for Enfield, Southgate also quoted selectively from the report by the College of Emergency Medicine, which—

Mr. Mike Weir (in the Chair): Order. Regrettably, we have run out of time for this debate.

11.30 am

Sitting suspended.

Tax Credits (Working Parents)

2.30 pm

Mr. Mike Weir (in the Chair): We seem to be short of a Minister, but we shall carry on anyway.

Ms Karen Buck (Regent's Park and Kensington, North) (Lab): Thank you, Mr. Weir. I think that means that I win by default, which is always good news. I am grateful for the opportunity to talk about tax credits and work incentives, particularly for working parents. *[Interruption.]* I welcome the Minister, who is now in his place; I had only just begun my remarks. I want to start by making it clear that, in my view, tax credits are a good thing. I am here to praise the basic system of tax credits, not to demolish it.

There are 1.5 million families receiving the working tax credit—that is the main focus of my speech this afternoon—and there are nearly 3 million children in households receiving it. The average family in work receiving the working tax credit have topped up their wages by almost £7,000 a year. Without tax credits, for millions of families work simply would not pay. That would not leave parents living a life of ease and luxury on benefits, as so much of the tabloid press would have us believe. It would leave them facing a stark choice between working as an end in itself—in my experience, most parents and most people are wholly sympathetic to that—and ending up deeper in poverty and less able to provide for their children and families.

As things stand, despite the extent of the tax credits system and the resources that go into it, 57 per cent. of all families who are below the poverty line are working families, so the issue is not that we are providing too much, but that we are providing too little. No family, no parent, should be left to choose between a job that leaves them worse off and a life on benefits.

John Mason (Glasgow, East) (SNP): If so many people are working and not able to live on that wage, does that suggest that the minimum wage is too low?

Ms Buck: I do not want to go too far into the byways of the minimum wage, but it certainly indicates that wages are too low in many parts of the country. I shall talk mostly about London, my own area. Given London's higher costs—I am sure that this also applies in some other parts of the country—people have to earn significantly more than they do in very low-cost areas. One of the side projects that I have as a Member of Parliament is chairing the Fair Pay Network, which campaigns for a living wage in different parts of the country. I hope that that addresses the point.

The substance of my comments will not be that the tax credits system is fundamentally wrong or that there are moral failings in the approach to delivering tax credits, but that there are practical steps that we still need to address as a matter of some urgency if we are to make further progress on tackling child poverty and particularly on ensuring that work pays and that people with children can enter into and sustain themselves in employment at a level that allows them to care for their families. I shall address three issues, the first of which is child care costs and the child care tax credit, and the

[Ms Buck]

second is housing costs and the interaction between housing benefit, council tax benefit and the tax credits system.

Bob Spink (Castle Point) (Ind): The hon. Lady has brought up a very important issue and is making excellent points. I am sure that she will deal with the benefits trap. The issue that I want to raise relates to child poverty. Her Majesty's Revenue and Customs has its rules on the clawback of overpayments. First, the individual must have acted properly at all times and not misled the Revenue. Secondly, the Revenue must not have made a mistake in making the payment. That is unfair, in that it results in clawback even when individuals have acted properly, and it will cause poverty for the individuals—

Mr. Mike Weir (in the Chair): Order. Interventions should be brief.

Bob Spink: I will draw my intervention to a close. Does the hon. Lady agree that we should remove the second requirement?

Ms Buck: I have sympathy with the general concern about clawback and overpayments, although that will not be the substance of my comments today. The Government have gone a considerable way on overpayments, compared with where we were a few years ago, but I accept that there is still work to be done.

The difficulty that parents have in assessing what their future financial situation is likely to be—in making that forward calculation—is a real concern. That allows me to segue into the third area that I want to talk about, which is the "better off" assessment and, if one takes into account tax credits and passported benefits and those that are lost, how difficult it can be for people to make a meaningful calculation of their financial prospects. The reality is that many people are not better off in work, for the reasons that I shall explain.

In outlining these issues, I am drawing heavily on my constituents' experience. I carried out a survey in which a great deal of powerful and well articulated concerns were raised about how the system is working. I am also drawing on analysis conducted for the London Child Poverty Commission, the work of Westminster Children's Society and briefings from Shelter, Citizens Advice and Every Disabled Child Matters. The interpretation is mine alone, but the facts come from them and the overwhelmingly powerful case that is made is theirs. As I said, I shall concentrate on London, which, although it shares characteristics with some other high-cost areas, is at the sharp end. The problems with policies that apply to the whole country are thrown into sharpest relief in London.

Child care is, of course, central to how parents make a decision about being able to go into work and sustain themselves in employment. I think that everyone would agree that it is critical that all parents thinking about a job can draw on child care that is safe and of high quality. The Government have done a great deal in the past 10 years. The landscape has been utterly transformed since 1997, with Sure Start children's centres, the neighbourhood nurseries initiative and extended schools. In London, the Government have funded the child care affordability programme to help to plug the gap between London's very high child care costs—a recent survey produced the figure of £8,000 a year for private nursery care in some places in London—and the national affordability threshold, for the purposes of calculating the child care tax credit, of £175 a week. Despite that, there are a number of problems.

First, given the route into assistance via the child care tax credit, which in turn is via the working tax credit, too many low-income working families who are on London wages but face London costs are simply not entitled to help. For those who do qualify, the required parental contribution is often still too high. Families with a total household income of £20,000 or so may still be required to find hundreds of pounds to contribute towards their child care costs. In addition, parents are confused and put off by a formula based on thresholds and percentage entitlements, especially if they really need to assemble a portfolio of child care, such as arranging for someone to pick up a child from a nursery or deal with two children in different child care settings. It is very hard—I would say that, in effect, it is impossible—for anyone to calculate what they will be entitled to and harder still to work out what they will then have to pay out of their future income.

Changes of circumstance can be particularly difficult to manage, especially as many child care providers demand payment in lieu of notice or reducing hours; that is not factored into the system. We could perhaps overlook all the disadvantages if the system were a major vehicle for helping low-income families with their costs, but it patently is not. The child care tax credit is making only a dent in the problem. Only 250,000 lone parents and 133,000 couples receive help from a national total of 6 million tax credit recipients and 1.6 million families in receipt of working tax credit.

Of course, there are significant local and regional variations. In my constituency, 4,770 families receive the working tax credit, but only 550—just under one in 10—receive help with child care costs. In my borough, Westminster, 4,830 households receive the working tax credit; a mere 490 families in the entire borough claim help with child care costs out of a population of 171,000. In Tower Hamlets—a borough more frequently associated with extreme poverty and low income—the figure is no better. A mere 520 families receive the child care tax credit out of 6,390 households that receive the working tax credit and a population of 148,000. In total, only 41,000 Londoners receive the child care tax credit. Given the number of households and the number on low incomes, common sense tells us that the system is failing to help a sufficient number of families.

Above all, although I have much sympathy for the broad thrust of the Government's welfare reform policies, the child care tax credit fails to help parents of older children. The extended schools programme—an excellent initiative designed to provide wrap-around care from 8 am to 6 pm for 48 weeks of the year to parents whose children have entered the school system—relies explicitly on parental co-payment. That is the only way that the Government believe that those services can be made sustainable.

For lower income households, the child care tax credit is the means by which they can make a parental contribution to the extended schools scheme, yet research done by the Department for Children, Schools and Families indicates that the number of people doing so with the help of the child care tax credit is falling. If only 500 people in my borough receive the child care tax credit, it is easy to work out that most will be claiming the tax credit to help with nursery school fees of £200 or £300 a week and that virtually none will be drawing on that benefit for help with the extended schools scheme. That should ring loud alarm bells. We will not be able to deliver the extended school provision without parents making a co-payment, and they will not be able to make such a payment under the child care tax credit system.

It is clear that the child care tax credit is reaching the end of the road. It is not that it is a bad policy; it simply does not deliver what we want. We should look instead to an alternative that involves more direct funding of services—particularly, I argue, for provision for elder children. We also need a voucher or Oyster card system that includes a simple credit for parents who qualify for specific child care payments. That could provide them with up to 100 per cent. of the costs, depending on the circumstances. It would be calculated on income but be banded, and not subject to highly specific and difficult-to-calculate individual entitlements. It should also be able to accommodate regional variations in income, such as those that I have described.

Mrs. Maria Miller (Basingstoke) (Con): I congratulate the hon. Lady on securing this timely debate. She mentioned the concept of the Oyster card as a way of paying for child care. Has she heard that some in receipt of the child care element of the working tax credit are not using the money to pay for child care and that the bad debts that some nurseries are experiencing as a result can be crippling?

Ms Buck: There is clear anecdotal evidence that some parents are receiving the child care element but that it is not going to the providers. However, that would be an interesting subject for a wider debate. None the less, it is consistent with the Government's approach, usually rightly so, and probably consistent with the approach that would be adopted by the Conservative party, that people should be able to choose how they dispose of their income.

I believe that parents should know exactly what they are entitled to, but that should not be about thresholds and percentages, which are hard to calculate. Whatever the technology, parents should be able to hold the equivalent of an entitlement to a specific number of hours of provision. In some cases, it might be provision for a child minder as well as for a nursery or extended school entitlement, based on household income, that passports them to a certain level of provision for child care.

Such a system is being explored by the London child care affordability programme, which is piloting variations on the child care tax credit system. That is excellent, but as always with such schemes, the pace is now so overwhelming that the child care element of the tax credit is no longer suitable, particularly in places such as London. We should move more swiftly to replace that element.

On housing costs and the interaction between the payment of housing and council tax benefits with tax credits, high rents in the private and temporary accommodation sectors—and, in London, even the social rented sector—make it inevitable that most lone and many two-parent families will continue to rely on housing benefits, even when in work.

That creates two problems, the first of which is structural: the impact of the taper can creep up to 85p in the pound, making it much harder for working families to reach an income above the poverty threshold. The second is an administrative problem, whereby families on tax credit are subject to a housing benefit regime that reassesses their benefit with every variation in income—an entirely different system of calculation from the tax credit. As a result, it is again utterly impossible for families to calculate their entitlement and to make forward projections of their circumstances.

Housing benefit and council tax benefit are poorly understood, and very much so as in-work benefits. Citizens Advice calculates that lone parents earning low wages will find that increasing their hours will not increase their final income. The current scheme leads to an increase of about £1 a week for every £30 a week extra in gross earnings. Those who can command high enough pay rates to move out of the housing benefit and council tax benefit trap might gain approximately £8 for every £30, but the higher the rent and the higher the child care costs, the less likely they will do so.

The official position of the Department for Work and Pensions is that higher rents do not have an impact on work incentives by dint of the fact that housing benefit can be an in-work benefit. Frankly, that is nonsense. The fact is that housing benefit can continue to cover people's rent if the income is low and the rent high, but it will not help them to increase their earnings. Taken together with costs and the loss of passported benefits, people could easily end up being worse off in work. For example, a couple with two children and a rent of £120 a week would be only £23 a week better off if their income increased from £100 a week to £400 a week. If their rent was only £60 a week, or treated as such, they would be £55 a week better off.

Much could be done for a relatively small amount of money. Reducing the housing benefit taper rate in London would cost an estimated £70 million and increasing the earnings disregard would cost an estimated £20 million. Introducing a housing costs top-up in the tax credit system would be more expensive at an estimated £200 million. We need to do something similar with council tax benefit, which bites at a much lower rate for families on tax credit. For example, setting the lower earnings threshold for council tax benefit in line with full working tax credit would give a substantial boost to very low earners.

The London Child Poverty Commission argues—the Government accept the fact in principle—that higher costs mean that wages do not go as far in London. Although some people might accept work that makes them worse off in the short term in the expectation that their earnings will soon increase, it would be perverse to expect many to do so, especially if there were children to be considered, yet that is the reality for many London families.

The Government need to address two aspects of the "better off" calculations: first, the reliability and accuracy of information on people's post-work income—I am thinking in particular of the difficulty in predicting when housing and council tax benefits and child care costs are taken into account—and, secondly, the substantial question whether they are better off after the essential costs of working are taken into account, especially travel, their own meals, school meals and clothing.

[Ms Buck]

The Government have accepted the principle of a London premium, of course, with the introduction of the additional in-work credit—I congratulate them on accepting that principle—but that credit is time limited, and a London claimant would need a £3,000 a year net pay rise to compensate for its loss at the end of the fixed-term entitlement. That is another dimension to the "better off" calculation—how long can people expect to be better off in employment?

In many ways, the £25 a week—the Government's basic figure when advising people whether to go into work—"better off" assessment is an illusion. It does not allow for fares to and from work or for child care. It does not cover school dinners. It includes no component for other working expenses, such as lunches or clothes, and has no element for the parental contribution to child care, as required under the child care tax credit. The £25 "better off" guarantee translates, therefore, into at least a £15 a week loss for a single parent with two children on school dinners requiring a two-zone travel card to get to work. I therefore urge the Government to do more, move faster to improve the quality of information underpinning "better off" calculations and address the substantial question whether families are better off in work.

The Government are piloting wider access to free school meals. I strongly recommend that this pilot be speeded up and extended to areas such as mine, where the loss of the benefit of free school dinners can make all the difference between work paying and not paying. Large numbers of people are out of work, but relatively few are on working tax credits, indicating that we have a problem of low-income working families who fall just above the working tax credit threshold. I urge the Minister to liaise with departmental colleagues and others to ensure that data modelling is carried out to establish how many people could benefit from the wider roll-out of the free school dinner programme.

If we are to make further progress in reducing in-work poverty among families with children—and in so doing improve work incentives, attract more people into work and sustain them in employment—we have to address the issues that I have outlined today. To those who ask, particularly given the difficult economic climate, how I can argue for more money to be invested, I say that the Government rightly look to putting money in the hands of those who will make best use of it in the local economy. I also point to the investment that we are making in raising employment overall.

The Freud report estimated that the average saving from moving a jobseeker's allowance claimant into work to be £4,100 a year. If we are to carry on improving the rate of work entry and sustainability, especially over the long term, some of that money must be used to assist families in London communities such as mine, and in pockets around the country, where people have effectively been locked out of being better off in work.

2.53 pm

Hywel Williams (Caernarfon) (PC): I congratulate the hon. Member for Regent's Park and Kensington, North (Ms Buck) on securing this important debate; she has a fine and enviable record on such matters. Children throughout the UK are in her debt.

I should say as an Opposition Member that I am glad that the Government have ensured that millions of pounds of credit claims are in payment, and that many people receive the money that they deserve. I have some criticisms of the system, but clearly it is very effective in alleviating the effects of low wages and poverty. What interests me is how many people do not claim the tax credits to which they are entitled, especially the child care elements, and the consequences, especially in respect of accessing appropriate but costly and scarce child care.

The eventual proof of the system will be whether it gets the right money to the right people. To what extent is it failing to deliver, or even getting it wrong? There is evidence of both over a long period. Despite the Government's efforts, real hardship and poverty persist. I see that particularly clearly in my constituency surgeries, as do other hon. Members. I see people who do not know enough, or even anything, about the tax credits system. I see people who are fearful of claiming or reclaiming, because of what they have heard or experienced regarding overpayments and subsequent clawbacks. Some people have been overpaid, and now face a substantial and extended loss of income, because of the need to repay. By definition, those people are on modest and low incomes anyway, so are least able to repay.

Some people who have been overpaid informed the Revenue properly, clearly, fully and in time, of all their circumstances, but still the Revenue got it wrong. I am glad to say that that happens in a decreasing number of cases. I regularly meet constituents who owe £3,000 or £4,000, or something lower—sometimes nothing at all—rather than £7,000 or £8,000. I commend to hon. Members the practice of asking the Revenue for telephone call recordings. Under certain circumstances, constituents of mine have been able to prove that they had provided the proper information by, "very spookily", as one of them said, listening to themselves some years ago telling the Revenue what their circumstances were.

I am glad to say that some of my constituents and I have had some success in removing the shadow of many thousands of pounds of debt. However, real hardship and distress persist. In preparation for this debate, I looked for some figures. The most recent Government figures that I could find, for 2003-04, show that 2.6 million UK families were paid the wrong amount. To anchor my point in a real case, may I recall a constituent who contacted me because she had received a summary demand from the Revenue for a £9,000 repayment? Through her tears, she told me that her annual income was only £8,000. We do not need Mr. Micawber's arithmetic to convince us of the fear and misery that such a situation can cause.

Will the Minister ensure that when notices of overpayment are sent out, they are not merely statements of debt with an implied requirement for a summary repayment? They should provide full information about how the debt arose, about how to dispute the overpayment—people think that they cannot do so—and about repaying in instalments, as that has been a lifeline for some people who have had to repay thousands of pounds, allowing them to manage their debt at a modest rate.

Bob Spink: Will the hon. Gentleman ask the Minister to address the backdating system? Generally, if someone has been underclaiming or needs to make a new claim of which they were not aware before, they can backdate their claim only for three months. Surely the Government could be more generous when dealing with the most vulnerable people in society.

Hywel Williams: The hon. Gentleman makes a very good point. Debts can stand for years, but underpayments have a finite life. I refer in passing to a recent case of a firefighter who was overpaid. He could not foresee his likely earnings, because he was part-time and could not foresee how many times he would go out, yet he faced having to pay thousands of pounds, because his income forecast was wrong.

In my constituency, and in Wales in general, the local and national rates of economic activity are relatively low. Many people are on low wages in service industries. The predominant pattern of employment is self-employment, which is subject to low and insecure earnings that can vary greatly over a short time. One consequence, of course, is a variation in the need for child care. In some circumstances, that variation is very difficult to foresee. I agree with the Government that getting people back to work is a central plank of any anti-poverty strategy. Tax credits can help to get people into work, and keep them in work as well. They can show that work pays more than welfare, which gives people the incentive to move up the income ladder. I accept all those facts. However, it is becoming increasingly clear that, for some people at least, the tax credit system is a disincentive to getting back to work. In some cases, people prefer to work on a low wage and not even claim rather than become entangled in what they see as the tax credits web. Citizens Advice reports that half the claimants involved in overpayment cases in 2007 would be unlikely to claim again. Whether they do so or not is another matter, but their sentiments, after being involved in such cases, are that the credits are a disincentive. I have heard that directly from my own constituents.

I also accept that take-up rates of tax credits are much better than they were in preceding systems. I am afraid that I am old enough to remember family income supplements, family credit and, of course, the family tax credit, which had take-up rates between 49 and 76 per cent. I am very glad to say that we are doing a great deal better than that. In 2008, Her Majesty's Revenue and Customs published the take-up rates for 2005-06. For child tax credits, they were between 80 and 84 per cent., and for working tax credits, between 59 and 63 per cent. The other side of the coin is that nearly four out of 10 people who could claim working tax credit were not claiming it. Those people are, by definition, people on modest incomes. Will the Minister tell us what more the Government can do to encourage fuller take-up or even, dare I say it, full take-up of tax credits? I am sure that more can be done in that area.

In April 2008, according to HMRC, Wales had 320,000 families claiming working tax credits, with only 20,000 claiming the child care elements, which reflects the figures that the hon. Member for Regent's Park and Kensington, North mentioned. The average take-up in Wales was about £60.50, compared with £65 on a UK basis. Clearly, people are claiming less for child care in Wales, which contrasts with the situation in inner cities, where child care is difficult because of the cost. I appreciate entirely the hon. Lady's argument in that regard.

A low proportion of claimants in Wales were claiming the child care element, compared with the UK as a whole. In Wales, fewer people are claiming, and they are claiming less, which is a cause for concern. Incidentally, the child care element in Wales is more likely to be claimed by single parents than is the case elsewhere. Although the working tax credit for child care is a vital part of alleviating and eradicating poverty among single parents in Wales, much more needs to be done. That is particularly true in respect of rural areas, which brings me to my last point.

There is a particular problem in rural areas, as there is in inner city areas. Let me refer briefly to a bilingual report that I commissioned some years ago called "Gofal O Fath Gwahanol" or "A Different Kind of Care", which covered informal child care in rural north-west Wales. It is a bit long in the tooth, but it is the only report that I know that specifically considers that question. It shows that child care in rural areas can be scarce, of variable quality and possibly in the wrong place. People may have to drive miles in one direction to access child care and many miles in the other direction to go to work. One of the answers identified in the report is the possibility of supporting in-laws—grandparents mainly—by non-monetary means. Given that they provide free child care in such a situation, the report considers whether something further can be done to support them. I would be interested to hear the Minister's comments on those matters as well.

In rural areas, as well as in the inner cities, there is a failure by the markets to provide affordable, high-quality child care. Child care is scarce, expensive, fragile and frequently in the wrong place. Last summer, I visited Sweden with the all-party Sweden group, which was very interesting. I need hardly contrast the universal system of child care that exists there with the situation in Wales and the UK in general. We need a more universal system of child care if we are to enable people to take up work so that they and their children can escape poverty. That is the answer for areas in which there is clear market failure. Such a system should be targeted not only on an income basis but on a geographical basis, and should come into force if there is market failure in the inner cities or in extremely rural areas.

The Welsh Assembly and local authorities in Wales are working hard on the issue, and I commend their efforts. We must look at diverting the money spent on working tax credits for child care to a more universal system. I therefore ask the Minister to tell the House what consideration he has given, or intends to give, to radical alternative models of providing child care other than the review of the tax credit system. Will he also look at providing universal child care in some areas and at supporting family members?

3.5 pm

Mrs. Maria Miller (Basingstoke) (Con): It is a pleasure to follow the hon. Member for Caernarfon (Hywel Williams). I agree that access to child care is an important issue. If we want to get families into work, they need good access to flexible child care.

I congratulate the hon. Member for Regent's Park and Kensington, North (Ms Buck) on her full outline of the benefits trap that faces so many of our constituents, and on securing this timely debate. Yesterday, we spoke a great deal about social mobility. Hon. Members from all parts of the House agree that worklessness is one of

[Mrs. Maria Miller]

the problems faced by many families, particularly lone parents, in trying to overcome poverty, so helping people into work is an important part of improving their access to social mobility.

Two working parents are the norm in every part of the country, so child care provision is vital for all communities. I will focus my remarks on child care and the challenges that we face as a result of the problems with the child care element of the working tax credit. One in five women—I am talking about women because child care affects them so much—have problems finding affordable child care, which is something of a conundrum, given the emphasis the Government have placed on making child care affordable for more people in the country. From talking to people in my own constituency, I know that affordability is still a real problem throughout the country. The child care element of the working tax credit was designed to address that issue, but only one in four eligible families receive it, and it is not getting to the people who need it most. I was interested to note that the hon. Member for Regent's Park and Kensington, North said that only one in 10 of her constituents who was eligible was able to access it, which shows that this is an acute problem in certain parts of the country. I should like to focus on the impact of that problem. I want to talk not just about the implications of a tax credit system that is making overpayments and creating real heartache and anguish for so many of our constituents but the implications for child care in the long term and for the children who suffer.

The knock-on effects of the failure of child care tax credits are significant. The Government have expanded the number of child care places, predominantly through the Sure Start scheme, over the past 10 years to enable more people to access child care. However, because the child care element of the working tax credit is not working in the way it is supposed to work, many nurseries find it difficult to remain sustainable in the long term. The figures that I found in parliamentary answers show that, since 2003, the number of full day-care places has dropped. Four out of 10 nurseries are experiencing extreme financial problems. The National Day Nurseries Association recently issued a report that a third of nurseries are reporting that occupancies are down. The Government really have to wake up. They have expanded the number of child care places, but they still rely on the private sector, so the fact that their affordability programme is not working is creating havoc in the child care market. The Minister must reassure us that he understands that, and that he will do something about it by looking at how we can make the child care element of the working tax credit work as it was designed to work. It is almost as if the Government are turning their back on an over-engineered policy that, frankly, does not work, even though they had a decade to design it, rather than fixing it for the families that it was designed to help.

The second thing that I should like to talk about is the impact on children's lives. Good-quality child care can have an enormously positive impact on the early-years development of children who live in the most deprived communities in our country. We also know, from Leon Feinstein's work, that by age two, children from more privileged backgrounds can have advantages over children from poorer areas, and that the availability of good-quality child care at that age can help to reduce the gap between the most and least advantaged children in our society. At the moment, that gap is widening.

I am perplexed as to why the Government are not addressing the issue. They know that there is a problem, and that there is a problem with take-up. If we are not to see some quite catastrophic effects on the child care industry in the long term, the Government must act now. It is ironic that the Government, who have done so much to expand the amount of available child care, are now presiding over problems in the sector. Rather than simply announcing, as his colleague the Prime Minister did at the Labour party conference last year, more access to free child care for two-year-olds, before withdrawing it as a result of Conservative probing, I urge the Minister to look for a long-term solution to the problem of the affordability of child care in this country by fixing a policy that is manifestly not working at the moment.

3.12 pm

Paul Rowen (Rochdale) (LD): I congratulate the hon. Member for Regent's Park and Kensington, North (Ms Buck) on securing the debate. She has an admirable record of speaking on such issues and I am delighted by some of her comments, especially on child care. I support some of her remarks, although I want to broaden the debate to include working tax credits more generally with reference to examples from my constituency.

The hon. Lady was absolutely right when she said that take-up in relation to child care has not been what the Government originally intended. As the hon. Member for Basingstoke (Mrs. Miller) said, that is because this is a highly over-engineered, inflexible product, and it is not meeting the needs of families for many reasons. There is a maximum cap of 80 per cent. of £175 a week for one child, or £300 a week for two children; any employer contribution is capped at £55; there is a rule that says that people must work at least 16 hours; and the availability of child care does not take account of some families' flexible working practices.

The Government have an admirable record on the provision of child care places, but those things mean that the take-up of the child care element of working tax credit has not been what it should be. I hope that they listen carefully to this sensible and straight debate, because all hon. Members want the system to be improved.

Mrs. Maria Miller: The hon. Gentleman is making some important points about how the system works. Does he feel, as I do, that the Government could learn from the salary-sacrifice schemes that so many employers are putting in place, whereby employees can receive national insurance advantages by putting money into child care? It is a simple system—it avoids the complexity of the child care element of working tax credit—and it seems to work.

Paul Rowen: I agree entirely. The Prime Minister this week announced support to take people off the unemployment register. What greater fillip could there be than him, at the same time, encouraging and making it easier for employers to support people into employment? I agree with the hon. Lady that it would work out a lot cheaper all round.

I welcome the opportunity to talk more generally about working tax credit, which is the title of the debate, because the wider debate needs to be addressed. I do not agree with the hon. Member for Regent's Park and Kensington, North that the system is working. The fact is that five years after working tax credit was introduced, it is still a disaster for many. The figures on working tax credits for 2006-07 obtained before Christmas by my hon. Friend the Member for Cardiff, Central (Jenny Willott)—the latest figures—show that £1.2 billion was overpaid and that 1 million people were still affected by overpayment.

If we look at all the figures available from 2003, we see that more than 1.8 million families have been overpaid tax credits more than once in the four years that the system has been running, including 400,000 in 2006-07. Those 1.8 million families represent more than one in five of the families that claimed in the period. Some 461,000 of those families—nearly half a million—have been overpaid more than twice in four years, and 63,000 have been overpaid more than three times. The system is designed to help the poorest people and to help them into work, so those are frightening figures.

Hywel Williams: Does the hon. Gentleman accept that that involves an absolute loss to the Treasury, because many hundreds of millions of pounds of those overpayments are irrecoverable and have to be written off?

Paul Rowen: Yes. In fact, if the hon. Gentleman looks at the figures, he will see that overpayments since April 2003 amount to £6.7 billion and that the overall cost, including administration and so on, is £14 billion. The average overpayment in 2005-06 was £916. Those are frightening figures, as I said.

In response to those problems, the parliamentary ombudsman has published two excellent reports, the last of which came out in October 2007. The recommendations that she made in that report are pertinent to the current situation. She mentioned three problems with the tax credits system: its design, a failure in complaints handling, and the unfair and unreasonable application of code of practice 26, which is Her Majesty's Revenue and Customs policy on what to do in the event of overpayment.

The ombudsman made six recommendations at the end of her report, all of which were accepted by the Government. In her 2007-08 annual report, she stated:

> "The Government accepted all recommendations in the report and is taking action to implement them. A key improvement is the revision of COP 26 to better reflect the balance of responsibilities on both tax credit claimants and HMRC."

However, in a section entitled "Still getting things wrong" she also stated:

> "It is clear from the complaints received that attempts by HMRC to recover overpayments made under the tax credit system continue to cause distress and hardship for a significant number of people. As one complainant put it: 'Tax credits are supposed to help families, not cause them money worries'."

I would like to give two examples from my own constituency in which I believe that, regardless of what the Government have said about code of practice 26 and the application of the overpayment system, HMRC has deliberately ignored at least five of the ombudsman's six recommendations. I remind the Minister of the last recommendation:

> "In considering the recovery of tax credit overpayments, the Debt Management and Banking Unit should be required to tailor their approach to the needs of the customer group. In the case of tax credit recipients, that would include considering family circumstances (such as whether they include children or adults with disabilities or severe illness) and the likely impact on the individual or family. That consideration should also include whether recovery, either immediate or suspended, would work against the policy objectives of the tax credit scheme."

I believe that that recommendation is pertinent to what I want to say about my two cases and to what the Department has been doing since on the number of cases that have been allowed and the number of people taken to court in at least the past eight months.

My first case is that of Mr. and Mrs. F, an elderly couple who look after their granddaughter. Having made an application for tax credits just over two and a half years ago, they were receiving £136, which later increased to £400. They were told that that increase occurred because the Department had recorded that their granddaughter was severely disabled, but she was not. Regardless of the fact that it was Mr. F who informed the tax office of the mistake, he was asked to repay £4,823 of the overpayment. That caused him unbearable stress: he is 76 and subsequently suffered a heart attack.

Mr. F then tried to gain access to his phone records in relation to the tax credit form and the claim form in which he was supposed to have stated that his granddaughter was severely disabled. That request was denied, which is a clear contravention of the recommendations of the ombudsman's report. After Mr. F contacted my office, we were able to get that information for him. HMRC agreed that he had not claimed that his granddaughter was severely disabled, the claim for £4,823 was dropped and he received £150 in compensation. He first raised the issue with HMRC in January 2007, and only this month was the problem sorted out, so such cases are happening now, regardless of the ombudsman's recommendations.

My second case is that of Mrs. M. It is an example of an attempt to claw back working tax credit, despite the fact that Mrs. M had kept the tax credit office abreast of all the circumstances and recorded her correspondence. The tax office claimed that she had been overpaid for child care, despite the fact that she had called the tax credit office to inform it of her child care circumstances. At that stage, the tax credit office was attempting to claim back £2,600, even though she had always kept the Department informed of what was going on.

The Department then admitted that a computer glitch had caused Mrs. M's record to show that she had received over three times as much working tax credit as she had in fact received. Consequently, she had been underpaid by £126.76, and in the two years during which she had pursed the claim her entitlement had been reduced by £1,625.96, which she is now owed. Again, that case took nearly three years to resolve, and that lady is working on the minimum wage. She is being threatened with court action, despite keeping all the information, which is why I believe that code of practice 26 and the recommendations on what the Department should do when things go wrong are being applied in name only.

[Paul Rowen]

The number of times that HMRC has used a court case to claw back overpayments has increased massively: between April and October 2008, 5,697 people were taken to court for overpayment, which is a 500 per cent. increase on the previous figure. I put it to the Minister that, with regard to the application of code of practice 26 in the tax credit system, the issues raised in the report do not seem to have been taken on board, which is shown by the fact that people are still being pursued in the way I have described.

In 2005, 351,500 people disputed overpayments with the Department and 162,500 were written off. In 2006, 350,000 people complained, so that figure was roughly the same, and 14,000 were written off. In 2007, 202,000 complained and only 12,350 were written off. That says to me that HMRC, rather than putting in place the ombudsman's recommendations, is taking a much harder line and penalising people through a system that was designed to help them and is, in my view, not doing so.

I finish by quoting another important point from the ombudsman's report:

> "These decisions effectively place those low income families and earners in debt, and in many cases will have a financial impact on them for years to come, often causing them hardship and anxiety."

I believe that that is the case: a system that was designed to help people is, by its application, continuing to cause huge distress and anxiety. I hope that the Minister will take that on board and ensure fully that those recommendations are implemented so that the principles in the report are applied. I hope, too, that that will sometimes include an acceptance that the Department is at fault, rather than the individual.

Why should a system that is designed to get people out of poverty and into work have a perverse effect that is the reverse of its original intention? In my view, that is what it is doing.

3.28 pm

Mr. David Gauke (South-West Hertfordshire) (Con): It is a pleasure to serve under your chairmanship once again, Mr. Weir. I begin by congratulating the hon. Member for Regent's Park and Kensington, North (Ms Buck) on not only securing the debate, but setting out her case so well. In a clear, thoughtful and analytical speech, she identified many of the difficulties facing working families with children and the poverty trap that exists for such families, particularly in London—she is a London MP—which is a high-cost area. I will focus the bulk of my remarks on the points that she made, particularly those that relate to the child care element of working tax credit. However, the title of this debate refers to tax credits generally, and this is the first Westminster Hall debate that we have had on the subject for a while.

The hon. Members for Caernarfon (Hywel Williams) and for Rochdale (Paul Rowen) rightly raised broader issues and difficulties with the tax credit system, particularly problems caused by overpayments. That is a long-standing issue; as the hon. Member for Rochdale pointed out, the parliamentary ombudsman has been involved, and he could have mentioned that the National Audit Office considers it regularly. There are continuing difficulties with overpayment. I do not think that any of us is under any illusion about the difficulties that overpayments can create, often through no fault of the recipients, who find to their surprise that they are required to pay back amounts that are substantial given their income.

The problem is one that we as Members of Parliament face in our constituencies and address in such debates fairly regularly. I am sure that the Minister will explain what the Government are doing to address it—I have no doubt that he will discuss reforms of code of practice 26, which was mentioned by the hon. Member for Rochdale—but the problem has not gone away, and it is right that we should acknowledge that.

We in the Conservative party take a slightly different view from that of the Liberal Democrats. If we are elected in the next general election, we will not abolish tax credits, despite the claims made by some Ministers—I am sure that the Financial Secretary will not fall into that trap—but we recognise the need for fairly substantial reforms in the administration of tax credits to address the concerns that have been outlined in this debate and on other occasions.

The hon. Member for Caernarfon made a point about take-up. Generally, the take-up of child tax credits is pretty high—the Government are proud of that record—but working tax credits tend to be more of an issue. He gave statistics for the take-up of working tax credits; it is around 40 per cent. However, there is an issue with working tax credits in households with no children. Historically, take-up figures have been low; a couple of years ago the take-up was 26 per cent. or so. I can remember the Prime Minister saying when he was Chancellor that the take-up would increase substantially. Will the Minister outline what progress has been made on that front?

The hon. Member for Regent's Park and Kensington, North raised the issue of child care and the child care tax credit. Child care is hugely important. We want to get people back into work and encourage social mobility, but inadequate child care can hold people back. My hon. Friend the Member for Basingstoke (Mrs. Miller), who has great expertise on the subject, said that one in five women have difficulty finding affordable child care. Other figures compiled by the Daycare Trust state that the problem is particularly acute for those on lower earnings. Of those who earn less than £10,000 a year, 34 per cent. find child care unaffordable.

The quality of child care is also an issue. According to my hon. Friend, the number of failing child care settings in the poorest 5 per cent. of areas in England has increased from 6.6 to 10 per cent., which is worrying. Also, as she said, more child care facilities are being closed. Indeed, I believe that, last year, more places were closed than opened. Child care is a live issue, and not an entirely successful one, I am afraid.

On the child care element of the working tax credit, the system is complicated, as we have heard from the hon. Member for Regent's Park and Kensington, North. Those eligible cannot spend the money on informal child care, as the hon. Member for Caernarfon pointed out. That is particularly relevant for low-income households. Research by the Institute for Public Policy Research states that, whereas 52 per cent. of families with a yearly income above £32,000 use formal child care, the figure falls to 31 per cent. for those earning £10,000. It appears that those on lower earnings are more likely to use informal child care, the very sort with which the child care element of working tax credit cannot assist.

As a consequence of the problems of complexity and eligibility, take-up is low. The figures given by the hon. Member for Regent's Park and Kensington, North were striking and suggest that it is very low. Can the Minister give precise figures on the national picture? As far as I can see, the precise percentage of those on working tax credit who claim the child care element is not easy to find, because some do not have children, but Policy Exchange estimates it to be 26 per cent. of the 1.65 million families claiming working tax credit. That figure is pretty low, and it suggests that we have a problem. As the hon. Lady said, the child care element of working tax credit is not working. There is clearly a need to make it simpler and much more user-friendly. Surely, we can improve how we do it.

As far as I can see, there is also an issue with lower-income couples where both parents work. There is evidence to suggest that take-up is particularly low in that group, which may explain why fewer mothers from two-parent households appear to be in work nowadays. Whereas there has been an increase in the number of lone parents working—although not as great an increase as the Government might hope—the number of working mothers from two-parent households appears to be decreasing. If I am wrong, I am sure that the Minister will correct me, for which I would be grateful.

In the context of support for families with children and tax credits, the couple penalty within the tax credit system has not been mentioned specifically by those who have contributed to the debate. We all know that family breakdown is a great problem faced by society and that children who suffer a family breakdown are more likely to fail at school and have drug and alcohol problems; we have evidence. I pay tribute to my right hon. Friend the Member for Chingford and Woodford Green (Mr. Duncan Smith) for the enormous amount of work that he has done on the subject with the Centre for Social Justice. A considerable amount of research suggests that children benefit from having two parents. That is not a moral judgment but a purely pragmatic one. It seems a justifiable public policy objective to do what we can to prevent family breakdowns and keep couples together.

One of the difficulties that has emerged in recent years with the tax credit system is that it penalises the formation of couples. Indeed, there was a report by the Civitas think-tank earlier this month that showed that some parents can be more than 20 per cent. worse off if they live together rather than separately. That has a number of implications, one of which is that a degree of fraud appears to have been created, with some parents claiming to live separately when in fact they live together. The Institute for Fiscal Studies has put together some research on this subject and showed that about 200,000 more people received benefits and tax credits as lone parents than there are lone parents in the country, so that is an issue.

Ms Buck: The hon. Gentleman makes an important point. However, when people address the couple penalty, there is often an assumption that one member of the couple is able both to access and pay for their housing costs. Is that factor not usually taken into consideration when the couple penalty calculation is made?

Mr. Gauke: As I understand it, the basis for that calculation is the income that needs to be achieved to live above the level of poverty. Regarding the benefits that lone parents receive, there is an assumption that it is much easier as a couple to live relatively comfortably. I do not think that the arguments made by a number of groups that people are worse off living alone are correct. Indeed, there are case studies that basically show that some couples would do better living separately than together. There is some empirical evidence to suggest that that is the case.

There is an issue with the couple penalty, and we think that it needs to be addressed. I should be grateful for the Minister's view on this matter. Is any consideration being given to addressing the couple penalty? Addressing it would not only take about 300,000 children out of child poverty, but indicate to people that living together will not be penalised, that there is an encouragement of family stability and that we are seeking to address the real concerns that exist about family breakdown.

We have had a useful and interesting debate. The essential point made by the hon. Member for Regent's Park and Kensington, North has been the existence of a poverty trap or benefit trap. That trap exists 11 years after the election of a Labour Government who had argued that welfare reform would be one of their priorities and who have argued that getting people into work is essential in eliminating poverty and encouraging social mobility. What we have heard today demonstrates that, after 11 years, an enormous amount still needs to be done.

3.43 pm

The Financial Secretary to the Treasury (Mr. Stephen Timms): I begin by apologising for my lack of punctuality at the start of this debate, Mr. Weir. I am delighted that we are sitting under your chairmanship this afternoon.

As others have done, I congratulate my hon. Friend the Member for Regent's Park and Kensington, North (Ms Buck) on securing the debate. I welcome her deep and sustained interest in the topics that she has discussed in this very useful debate, and I certainly welcome her continued interest in policy in this area.

Tax credits today provide support to nearly 20 million people in about 6 million families, including 10 million children. In December 2008, just over 10,000 families, including 19,000 children, were benefiting from tax credits in my hon. Friend's constituency, as she knows. I am grateful to her for her very full recognition today of how the system has been valuable—indeed central—to reducing the tax burden on low-income and middle-income families. It has helped to ensure that about four in 10 families in Britain now pay no net tax.

I am sure that that success has been one of the considerations behind the conversion of the Conservative party to a degree of support for tax credits, which the hon. Member for South-West Hertfordshire (Mr. Gauke) acknowledged. I am not sure that "support" is quite the right term; none the less, there has been Conservative acquiescence the system, after a reversal of the party's former opposition to. I welcome that development. I think it is widely acknowledged that the system has done a very valuable job, not least in helping to move people into work and helping them to move up the employment ladder, and in making sure that in the great majority of cases, with some exceptions that we have heard about, work pays more than benefit. The system

[Mr. Stephen Timms]

has been changed substantially in that direction, which is the right direction, since it was introduced.

The system of tax credits has played a key role in tackling child poverty, as my hon. Friend the Member for Regent's Park and Kensington, North also knows very well from her work on that topic; she has taken a particular interest in tackling child poverty in London. As a result of all the changes to the personal tax and benefit system since 1997, families with children in the poorest fifth of the population are now £4,100 a year better off in real terms. That figure will rise to £4,400 a year by 2009-10. Tax credits have achieved a decisive change.

Quite rightly, we have discussed in this debate the take-up of tax credits. As the hon. Member for Caernarfon (Hywel Williams) generously acknowledged, take-up is high, with low-income families the most likely to take up their entitlement. According to the latest figures—new figures are expected next month—take-up of the child tax credit was 82 per cent. in 2005-06, with more than 90 per cent. of the money available being claimed. Take-up among those people with incomes of less than £10,000 a year is now 96 per cent., so there is very high take-up, as there should be. As the hon. Gentleman also acknowledged, take-up is higher than for any of the previous systems of income-related in-work financial support for families. The take-up rate was 50 per cent. in the early years of family income supplement, as he recalled; 57 per cent. for family credit; and 65 per cent. for working families tax credit, so take-up now is not only higher, but quite significantly higher than it was in the previous system.

None the less, we need to do more to ensure that as many families as possible take up the help that is available to them. We have therefore convened a taskforce of experts from local authorities and the third sector. It will report in the spring with advice that is particularly addressed to local authorities on how to improve take-up further, while recognising that for many people their interface with the benefit system is initially for housing benefit and council tax benefit. If we can extend support and improve the access to the tax credits system as part of that discussion, we should take that opportunity.

We are also taking steps to ensure that childless workers claim and receive the support through working tax credit that they are entitled to—that is a point that the hon. Member for South-West Hertfordshire very fairly raised. In the pre-Budget report, the Chancellor drew attention to initiatives taken by Her Majesty's Revenue and Customs to increase take-up, again working with other organisations. At the moment, HMRC is working with 40 organisations, which between them have more than 500,000 employees. They include the Local Government Association where, on the initiative of Sir Jeremy Beecham of the LGA, we are working with six large authorities—Manchester, Nottingham, Thameside, Camden, Leeds and Durham—to encourage take-up of working tax credits by those employees who are eligible. Furthermore, in the coming year, HMRC will aim to double that coverage by working with the new national employment partnership, which met for the first time recently, to raise employers' awareness of working tax credit and encourage take-up in that way.

HMRC will also work alongside Jobcentre Plus to ensure that people starting work receive advice on the support available to them.

Hywel Williams: Will the Minister tell us, or inform me by letter, what steps HMRC is taking to work with the Welsh Assembly Government, as that has a particular bearing in rural areas?

Mr. Timms: The hon. Gentleman is right to note that HMRC is a UK-wide organisation. It certainly works in Wales as well, and I shall be happy to drop him a line setting out the details.

Having mentioned Jobcentre Plus, let me pick up the point that my hon. Friend the Member for Regent's Park and Kensington, North made about the "better off in work" calculations, which are important. From everything that I have heard, including in my former role as the Minister with responsibility for Jobcentre Plus, those calculations have helped people to understand how much better off they will be when they are in work. When I was in that role, much of the lobbying that I received urged me to make those calculations more widely available. As my hon. Friend knows, they are difficult to do and take a lot of time, so there is, rightly, some reluctance to make them more complicated by adding more elements. She is right to note, however, that people need to take account of other factors, such as the cost of school meals, when making an assessment. I think she will acknowledge that there is a trade-off between how much is put into the calculations and the ability of Jobcentre Plus to provide them in a helpful form to as many people as possible.

We have talked about difficulties in the early days of the tax credit system that will have become familiar to all Members, but things have improved since then, as the hon. Member for Caernarfon acknowledged. Most people now receive a good service, although that is not true for everyone and there is room for further improvement. I acknowledge the points that the hon. Member for Rochdale (Paul Rowen) made about the difficulties that some of his constituents have faced. The tax credits transformation programme, which was introduced in 2006, has succeeded in making valuable improvements to the service.

The biggest problem has been with overpayments, which the hon. Members for Caernarfon and for Rochdale spoke about. The extent of end-of-year adjustments leading to overpayment has fallen significantly in the past couple of years, particularly as a result of the measures to improve the system that were announced in the 2005 pre-Budget report. Overpayments now constitute about 5 per cent. of gross spending on tax credits, which is still more than I would like, but is significantly less than it used to be, amounting to about £700 million last year, which is a 40 per cent. reduction on the previous year. That is better than the projection that we made in the 2005 pre-Budget report that overpayments would fall by about a third. The number of families affected by overpayments is down from 1.9 million to 1.3 million, and the average overpayment is down by almost £100 to £738.

There was a further important improvement last January, following discussions with representative organisations, when HMRC revised its guidance on when it will write off an overpayment where there has been an error by the Department. This matter was touched on in an intervention. The revised test means a fairer balance of responsibilities between the customer and HMRC, and a less restricted willingness to write off. My experience in my constituency surgery is that that has resulted in improved decision making and fewer overpayment problems, although I certainly would not claim that there are none. I got the impression from the hon. Member for Caernarfon that he thought that was the case, but was not sure, and I counted the hon. Member for Rochdale as having acknowledged that. I am grateful for the hon. Member for Caernarfon's acknowledgement that that is the case.

The hon. Gentleman was right to highlight the importance of having good arrangements in place to allow the recovery of overpayments over a period, instead of demanding it straight away. HMRC restricts recovery on overpayments from continuing awards to 10 per cent. for those on the maximum award and to 25 per cent. for those on the first income layer, so those difficulties have already been taken into account when recovery rates are assessed. A 12-month instalment arrangement is available for those who no longer receive an award, with longer payback periods where that is appropriate. If those rates of recovery still cause hardship, people can contact HMRC, which is required to consider operating a slower rate of recovery and even writing off overpayments in exceptional circumstances.

I am glad that the hon. Member for Rochdale has been able to resolve the problems in both of the cases that he described. Clearly, resolution took far too long in those cases. I am always happy to look at problems with individual cases when Members raise them with me.

I want to spend some time on the child care element of working tax credit, which was at the centre of the speech made by my hon. Friend the Member for Regent's Park and Kensington, North. The latest figures show that 461,500 families benefited from the child care element of the working tax credit last December. That is an increase of 8 per cent. on 12 months ago, which is 37 per cent. higher compared with April 2005. My hon. Friend gave the figure for the number of families benefiting in her constituency, which I believe is 60 per cent. higher than it was four years ago, in April 2005.

My hon. Friend is right that access to good-quality affordable child care can be more difficult in high-cost areas such as London. The London child care affordability pilots have gone some way to addressing that problem. As I have mentioned, we announced in the pre-Budget report a taskforce of experts to help with promotion. Those initiatives should help to meet the challenges in London in particular, as will the agreements that were announced in the London child poverty strategy in November.

The aim of the child care element is to break down barriers to work. We have introduced free nursery places and free early-years education for three and four-year-olds, and we are extending the entitlement to up to 16.5 hours a week by 2010.

Ms Buck: Will my right hon. Friend discuss or write to me about my concerns about the child care element and care for older children in extended schools, in the light of the research by the Department for Children, Schools and Families that the number of children who are being assisted in this way has declined?

Mr. Timms: I am happy to drop my hon. Friend a line about that, perhaps following discussion with DCSF officials.

The hon. Member for Basingstoke (Mrs. Miller) said that the Prime Minister's commitment had been watered down or withdrawn, but that is not the case. Indeed, the White Paper that was published yesterday sets out the first step in delivering that commitment for two-year-olds as well.

There has rightly been a good deal of debate about take-up of the child care element, which is difficult to assess. I certainly do not have clear data on it. The difficulty is in knowing how many people want it. My hon. Friend has suggested that it is taken up by about 10 per cent. of those in her constituency who receive tax credits, but we need to ask how many we expect or want to access it, perhaps by taking up formal child care and therefore using up the child care element. We do not have clear data on that, and it may be useful to do extra work in that area to get a sense of the extent of the need being met, which I think is rather higher than has been suggested.

Pharmacy Payments

4 pm

Mr. Adrian Sanders (Torbay) (LD): I am grateful for the opportunity to discuss an important issue. The economic downturn is adversely affecting many parts of society, but community pharmacists are shouldering a significant burden. In recent years, the reimbursement regime has led to financial uncertainty, which is compounded by restrictions in credit. The White Paper, "Pharmacy in England: Building on Strengths—Delivering the Future", provides an outstanding opportunity to consolidate the good work done by pharmacists and further develop their role to the benefit of the communities that they serve. However, that opportunity might be missed if the current financial problems are not solved. Not only will many pharmacists be unable to afford diversification, but some might be threatened with bankruptcy by the capricious nature of the clawback system.

The future of community pharmacy is at a crux and the Government must act carefully to ensure that a vital community resource is not irreparably damaged. The fundamental problem is the nature of reimbursement for category M drugs. Combined with the profit cut for pharmacies, changes in price tariffs for category M drugs have prompted the erratic measure of clawing back excess profit. In addition, recalculations requiring additional reimbursement and further clawbacks at short notice have taken place. The fault in category M reimbursement lies in its complexity—it is complicated, it lacks transparency, and changes cannot be foreseen. The Pharmaceutical Services Negotiating Committee gives the following outline of how pharmacies are reimbursed:

> "Contractors will receive an advance payment for October's prescriptions in early December. This is normally 80 per cent. in advance; however as the advance payment will be calculated based on the AIV"—

average item value—

> "of September's prescriptions and the national AIV is expected to rise in October, the advance payment made is likely to be less than 80 per cent. of total payment for October's prescriptions."

If that is not enough, it goes on to state:

> "In early January 2009, once the NHSBSA"—

the NHS business service authority—

> "prescription pricing division has completed the pricing of October's prescriptions, the remaining balance will be paid. The payment that will be made to contractors in early January will be the first payment to reflect the new payment levels."

It could not get more complicated, although I accept that the local government funding formula probably comes close.

Pharmacists in my constituency tell me that the system is too cumbersome and has prevented pharmacies, especially smaller operators, from being able to manage and plan their cash flow effectively. The Independent Pharmacy Federation states that there has been a significant financial impact on the ability of independents to pay their bills since January 2008. Pharmacies have no advance view of the wider picture of transactions and cannot foresee how much excess profit is generated. None the less, the Government clawed back on average £30,000 per pharmacy between October 2007 and March 2008. Some pharmacists in my constituency have told me that they are essentially facing a reduction of 10 per cent. in their income this year and that they do not have the same security offered to other parts of the health service. A reduction in income and uncertainty of income are, at best, preventing investment in local pharmacies—at worst, they could cause bankruptcy.

In the past, banks were able to offer sympathetic overdrafts and sufficient credit to allow pharmacists to offset somewhat that absurd reimbursement regime. There are fears that the next unexpected clawback will not find the banks in such an understanding frame of mind. A mechanism is clearly required to ensure accurate reimbursement and to maintain a satisfactory margin of profit for pharmacies. Although the White Paper advocates substantial innovation, there is no need fundamentally to change the working—particularly the financial model—of pharmacies. However, category M is only one of several elements of income for pharmacists, and the complexity of the reimbursement process is itself a great cause for concern. There are also commercial pressures on pharmacies.

The move towards direct-to-pharmacy supply chains will also reduce pharmacists' profits, and further dissuade forward investment. Problems have already arisen, with wholesalers occasionally requiring pressure to reduce prices to the levels of the drug tariff, and the reduced competition direct to pharmacy will exacerbate that difficulty. The potential of pharmacies to contribute to the NHS has been neglected in recent years, and the White Paper provides a perfect opportunity to bolster the service. So far, there has been little co-ordination with primary care trusts, GP surgeries and pharmacies—in some cases, there has even been a spirit of competition between them.

Lord Hunt has acknowledged that the NHS reform programme has adversely affected pharmacies and that not enough has been done to promote the wider range of services that they can offer. There is the barrier of IT integration and a lack of sharing of best practice on how to incorporate pharmacies into holistic local health care provision. The spectre of polyclinics also seems to threaten pharmacy stability. With any centralisation of GP practice, there will follow a centralisation of prescribing businesses, and pharmacies will close down in rural and deprived areas—places where such community resources are most vital.

Polyclinics highlight a trend towards centralisation that could remove services from deprived areas. Indeed, the financial pressures on small chains of market-oriented pharmacists could force them to cut branches, which will inevitably be in the less profitable but most needy areas. The emphasis on competition and choice is not well founded; it pits professional groups against one another, and it leads to a lack of co-ordination and co-operation. PCTs have not developed as effective commissioners. In some senses, they have not been allowed to develop effectively, and the danger is that that approach will create effects contrary to those desired by patients.

Instead of the cost cutting that inevitably occurs with competition, impeccable standards across the board are desired in health care. The focus seems to be purely financial, and as a result professional ethics will suffer. The White Paper is a timely response to those issues and if properly implemented, the measures it contains could expand organically the role of pharmacies, reduce the burden on GPs, and provide better services for the public. A more balanced health care system that engenders co-operation between GPs, pharmacies, PCTs and other groups would improve the service to patients. The most important factor in achieving that is stability.

Investment in new, improved services is funded through pharmacists' margins and is fundamentally entrepreneurial. The instability of cash flow inherent in the reimbursement system seriously deters that entrepreneurial spirit. Some pharmacists have started to develop add-on services, and have aimed to tender for locally enhanced services, but when clawbacks have been announced, the additional staff taken on for those services are the first to be laid off. The sometimes daunting prospect of engaging with the PCTs' tendering process can also dissuade investment in additional services. The White Paper aims to address the disparity between PCTs' commissioning practices, which will be a vital element of ensuring the stability needed for improved service delivery. PCTs need a greater, better informed say in this area of provision, but they must not have an iron grip over the commissioning service, which would severely alter the free-market nature of community pharmacies.

Even if an efficient and effective commissioning regime is created, it must be complemented by a smoothing-out of the funding stream, particularly from category M. Ultimately, pharmacies are small and medium-sized businesses, and the Government must honour their commitment to reimburse businesses promptly by instituting a fairer and more transparent funding formula. Even without clawbacks, pharmacies can wait up to three months to receive reimbursements for prescription costs. For local, enhanced services, the reimbursement, which is the responsibility of primary care trusts, can take even longer. It is fundamental to the aims of the White Paper that it should create a stable and transparent reimbursement process, but the credit crunch makes addressing the financial aspect of pharmacy care provision even more urgent. There is clearly a problem and, should the financial crisis continue, it may manifest itself in a serious contraction of pharmacy numbers, with a direct impact on the quality of local health services.

What can be done about that problem? There is no significant demand for radical change, but most pharmacists would be keen to explore the provision of enhanced services, and to enable that, we need to smooth the reimbursement regime. There needs to be more transparency for individual pharmacists and confidence in the integrity of the system. Increased notice of reimbursement rate changes, and a smoothing of the peaks and troughs over time are absolutely essential. Should pharmacies start closing due to the lack of available credit, the Government will have step in with financial assistance.

The Scottish Government have recognised the scale of the problem. In November, the clawback in Scotland was significantly reduced to alleviate the strain on pharmacists, and I am not just saying that because you are in the Chair, Mr. Weir. The Scottish Government have recognised the extent of the problem, and a similar, immediate alleviation is much needed in England. Overall, pharmacies face an unprecedented financial squeeze. Category M is forcing disjointed and sudden price realignments, shifting pharmacists' incomes and margins violently and capriciously. The cap on the available margin dissuades innovation, and the way in which price realignments are instituted lacks clarity and transparency. Those alignments are complicated by how PCTs buy locally, and by the complex way in which that interacts with the national formula for redistribution. With the lack of competence in commissioning, many pharmacies appear to be at the mercy of their PCTs and many are suffering as a result. The more patient-focused and outcome-focused aspects of the White Paper may be dashed by those problems, and the contractual framework used for pharmacies may be fundamentally flawed.

The reimbursement scheme makes other Government schemes such as tax credits look like a walk in the park. The rapid changes will steamroller many individual pharmacies, as they abruptly reverse any additional investment in services that those pharmacies undertake—investment that the Government want to encourage. The Government's urgent attention is required on this important and pressing issue.

4.13 pm

The Minister of State, Department of Health (Dawn Primarolo): Good afternoon, Mr Weir. It is a pleasure to see you in the Chair. I congratulate the hon. Member for Torbay (Mr. Sanders) on securing the debate, which I know is of great interest to him. His remarks fall into two categories: he referred to pharmacy reimbursement and to the role of pharmacies in primary care and the White Paper, which is under consultation.

I shall seek to address the hon. Gentleman's points, but, regrettably, I must profoundly disagree with his use of terms such as "erratic", "capricious", "rapid changes" and "cost-cutting", not only because they do not describe what is going on, but because the Government have worked, and the Department of Health continues to work very closely, with the pharmacy profession. Our approach to the situation has received considerable accolade.

I start with the question of reimbursement. The hon. Gentleman is absolutely right that it is a complex area, so it might be fair to challenge him to explain how complex and challenging it is. He touched on the following point, but I remind him that we are discussing independent contractors, and 80 to 90 per cent. of their business involves issuing prescriptions. They do other things too, but it is always important to strike the right balance between obtaining value for money for the taxpayer and investment in services, and creating, as he said, the healthy commercial conditions that sustain businesses. It is not the Department's job, however, to undermine the rest of the business of pharmacy; it is the Department's job to ensure that, where it uses services, it pays for them effectively.

The hon. Gentleman picked up on two points about the payment process, and he referred to the so-called clawbacks, to which I shall return. First, we must make clear the sheer scale and complexity of the exercise. Last year, pharmacies dispensed about 700 million prescription items, worth more than £8.7 billion. Every prescription has to be priced, recorded and then reimbursed, and the profession and pharmacies recognise that.

On top of that, there is a rich diversity of providers. The hon. Gentleman rightly referred to one section, but more than 10,000 dispensing pharmacies operate throughout England, and they vary enormously in size

[Dawn Primarolo]

and type—from the small, independent contractors to which he referred, through to the large national and international companies with more than 1,000 outlets, such as the high-street names of Boots, Lloyds and the big supermarkets. So, finding the right financial framework to sustain both, through the high volume and huge diversity of the system, is obviously difficult.

This is what we did: we negotiated with the representative bodies, and a funding arrangement was agreed and introduced in 2005. That is the arrangement on which we are negotiating. It was not done under duress; everybody signed the agreement. It recognised that on the products that pharmacies supply against NHS prescriptions, they retain a margin—the difference between the price they paid for the drug and the price that we as the NHS reimburse.

That was all part of the negotiations, and we recognise that the margins are part of pharmacies' business model, so, at regular intervals within the agreement, the Department and the Pharmaceutical Services Negotiating Committee, which represents pharmacies, agree an acceptable retained medicine margin—what the pharmacies can keep—as part of the wider funding negotiations.

That brings me to the hon. Gentleman's next point, which was about clawbacks. First, however, I repeat that we agree on what we pay, how the pharmacies purchase what they dispense and how much of the margin they can keep. To keep the margin within the agreed funding, the Department and the PSNC hold a joint survey every year to find out the average margin that pharmacies have held over the past 12 months. We then adjust it to match the overall funding settlement. So, if more has been paid than was necessary, it is agreed—through the joint survey, jointly undertaken—that it would be ludicrous for us to carry on paying more than we know we should. Things have to be evened out, but we must have the 12-month period and all the information, agree on the survey, analyse it and then make the adjustment. That is how it operates in the overall funding settlement.

In theory, we can work in one of two ways. The first is the discount clawback scale—a percentage deducted from each contract depending on its total reimbursement payment. Reducing percentages deducts less from contractors' reimbursement, leaving them with more retained margin, and vice versa. The second, to which the hon. Gentleman referred, is adjustment of the reimbursement prices of certain generic products. Those listed in category M of the drug tariff are the ones that he mentioned. Since the new funding deal came in, the Government have only ever used the latter method—adjusting the reimbursement prices to keep the margin on track. That means paying what everybody agreed we should pay, which is the reimbursement plus the margin, with the rest then to be evened out. Why would we expect taxpayers to pay for more than they had received?

During negotiations in 2008-09, the PSNC expressed concern about pharmacies being underfunded. Although that point was made to us and the hon. Gentleman has made it again today, it is difficult to find any hard evidence. None the less, as the Minister, I agreed that in good faith we would look again at the whole funding model, in conjunction with the PSNC. In the meantime, as another generous act of good faith and despite the fact that the Government were of the view that we had paid more than we should have, we agreed to increase the funding settlement for 2008-09 by £150 million. The PSNC applauded that decision. It applauded us for acting—the very thing that the hon. Gentleman thinks we have not done. Sue Sharpe, its chief executive, described the funding as a "necessary and welcome uplift".

However, funding decisions take time—they do every year. We are waiting for the analysis of the annual survey to come through and for negotiations with the PSNC to conclude before we can agree an overall settlement. The final agreement on the funding for this financial year was not completed until September 2008, which means that we were not in a position to pass on the extra money until the end of that year. But I stress, this is no different from any other year since the agreement came into place.

Mr. Sanders: May I say that there is a difference? The difference is the fact that we now have a credit crunch, so if there was any delay in the Government paying back to pharmacists what they overpaid in through the clawback—there should not be any delay at all—that would not be consistent with the other message from the Government, which is that one should pay small businesses as promptly as possible.

Dawn Primarolo: In these circumstances, and within the agreement and the complexity of the system, the Government do exactly that. The hon. Gentleman referred to it himself. Regular monthly payments were paid on account, as estimates, and the Government have to do what is necessary in looking at the scripts. The pharmacists collect their scripts for a month and physically send them, which they cannot do until the end of the month, and then they need to be checked.

I hear what the hon. Gentleman is saying, but we should consider the fact that 80 to 90 per cent. of a pharmacy's business is dispensing prescriptions, which is a guaranteed flow of money. It is difficult to comment on what else that business might be doing or how it is run, but the flow of money is regular and predictable within the agreement, which I have agreed to revisit.

I think that the agreement is working well. Pharmacies are a little concerned and have raised a number of issues. I have said "Okay, let's look at it," because I entirely accept the point that the hon. Gentleman is making. As the Minister who introduced the White Paper and did a great deal of the work, I think that pharmacies have a crucial role to play in ill-health prevention, monitoring chronic diseases, helping people with long-term conditions and using the full expertise of a pharmacy, which brings them into the wider primary care family. That is exactly what the White Paper seeks to achieve.

Far from being erratic, capricious and cost-cutting, the Department, within an agreed framework, is doing its best to get the money through as quickly as possible. None the less, given the importance of pharmacies, we have to ensure that the system always operates the best it can, hence my willingness to reconsider the agreement and to invest the other £150 million as an act of good faith. That is on the basis of saying, "While we are trying to sort this out, we don't want to leave anything to chance."

It is always difficult, particularly for Ministers, when general points are made without specifics. I say to the hon. Gentleman that if he has an example of a pharmacy in his constituency that is going out of business directly as a result of this agreement—not as a result of other business decisions that the wider pharmacy business took—I am happy to look at it. I have asked the primary care trust in his area and the strategic health authority whether there are any particular issues and at the moment they are not aware of any, but I make that offer to him.

I want to return, because I cannot allow them to pass, to the hon. Gentleman's comments on polyclinics and the threat to pharmacies or any other provision. I want to hit that on the head now. The thrust of Government policy is to provide exactly what patients, whose best interests we should always act on, say they want, which is as many services as is practical to be close to home—that is, local where possible and centralised where necessary.

The use of extended clinics, or polyclinics, to bring out of hospitals and into local communities the services that can be accessed there is not centralisation, but decentralisation, which is important for the local community. It also offers a unique opportunity to ensure that pharmacies and all their skills are used to the maximum. That means ensuring that where a pharmacy can provide services that we need in local communities because it already has 10,000 outlets, and where it can do so in a way that respects patient confidentiality and privacy and gets patients to the expertise, it does so. That is precisely what the White Paper is about. I get the impression from the hon. Gentleman's comments that he is as committed as I am to that principle.

The funding mechanism is being looked at in good faith—not because we think that there is a problem, but because others tell us there is. We have given extra money just in case, we are in negotiation and we are not aware of any pharmacy that is having problems because of the payment flow from the NHS. We see that the future of pharmacies in our local communities is about them providing those important, unique services that they can provide to strengthen the diversity of our health service and ensure that the communities that the hon. Gentleman talks about, in rural and more sparsely populated areas, get the services that they are entitled to.

Exchange Rate Policy

4.30 pm

Mr. Christopher Chope (Christchurch) (Con): It is delightful to serve under your chairmanship, Mr. Weir, and to be able to raise the important subject of economic transparency, which is fundamental to public accountability. That is what one gets with flexible exchange rates, for which I am a great enthusiast, but I am not quite so sure whether the Government are as enthusiastic, particularly now that judgment is being passed on the British economy by the markets.

This debate would be better entitled, "The Pound in Your Pocket". What can people buy with the money that they earn? Can they afford a foreign holiday this year? What are their assets worth in the world marketplace? What is their pension or benefit cheque worth in the real world? Those are the questions that people have to face up to, and the answer to them is that, in 2008, according to Bank of England statistics, the pound in your pocket, Mr. Weir, in my pocket and in the Minister's pocket was devalued by 25p—by one quarter. The exact figure was 24.7 per cent. That was the decline in the sterling exchange rate index between 31 December 2007 and 31 December 2008. Those are incontrovertible facts.

The value of the pound coins in our pockets reflects the collective worth of our country in comparison with other countries. It takes into account the value of our raw materials, assets, natural resources and, obviously, debts and liabilities. The sterling exchange rate index is an accurate and unbiased barometer, or measure, of how UK plc is performing in comparison with other countries, and the unavoidable verdict is that our country has lost one quarter of its wealth in just one year.

The full implications for most consumers have yet to be realised. Retailers have been desperately destocking because of the recession, and although they are warning of substantially higher prices when they restock, those prices have not for the most part yet got through to the consumer. Nor has the impact of the 25 per cent. devaluation of the pound against the dollar come through in higher oil prices, because it is being disguised by the global fall in the price of oil, but those price increases will come. The Bank of England is already forecasting that inflation as a result of imports will increase significantly in the coming year.

The extent of devaluation in 2008 was greater than in 1992, when the United Kingdom was forced out of the exchange rate mechanism. It was greater even than in 1966, when the International Monetary Fund had to bail out the Labour Government. The last time that the UK lost one quarter of its wealth was after the second world war. The loss we suffered then was a price worth paying for defeating Hitler and preserving our freedom. We know why we lost 25 per cent. of our wealth then, but why did we do so again in 2008?

The Government have always been expert in taking credit for others' efforts, while finding scapegoats for their own failures, and so, true to form, the Prime Minister has been trying to blame our national economic humiliation on the international or global banking crisis that was triggered in the United States. Indeed, he did exactly that today during Prime Minister's questions when he spoke about the global financial crisis.

[Mr. Christopher Chope]

The Prime Minister's claims that the problems are all caused by some global financial crisis are manifestly absurd. If that were true, the pound would not have devalued by 25 per cent., particularly against the dollar. If the real crisis is in the US, why is our crisis much worse? The answer is that the Government mismanaged the economy in the period running up to 2008.

It is worth reminding ourselves of what the Prime Minister said when he was the shadow Chancellor of the Exchequer and was commenting on the last sterling crisis in 1992. Addressing the Labour party conference, he stated:

> "Comrades, this is a government that blames the Germans, the French, the Danes, the ERM, the markets, even the Labour Party for the crisis when the Tory Party has no one else to blame but themselves. Let us be clear: the weakness of the currency is the result of the weakness of the economy which is in turn the inevitable result of the weakness of this government."

The Prime Minister's highly perceptive analysis in 1992 is equally applicable, if not more so, today.

The weakness of our currency is indeed the result of the weakness of the economy, and who is responsible for that? None other than the Prime Minister, who, before becoming Prime Minister, was Chancellor for the duration of the Labour Government, who have now been in office for almost 12 years. That is where the responsibility lies. Why is the Prime Minister not prepared to accept that and take the blame?

The Government have given the impression that they have no exchange rate responsibility, but paragraphs 7 and 8 of the May 1997 letter from the Chancellor to the Governor of the Bank of England emphasised:

> "The Government will be responsible for determining the exchange rate regime",

and that they can instruct the Bank to intervene in foreign exchange markets.

Interventions have been rare. The last one, which involved support of the euro, took place in September 2000, but one might also include the bizarre and ill-judged decision by the Chancellor to sell 60 per cent. of our gold reserves at the bottom of the market. The price was less than one third of what those same gold reserves would be worth now—again, a major error of judgment for which we have never had an apology from the Prime Minister.

In a fascinating exchange in the Treasury Committee on 10 December, the current Chancellor was asked whether he would be prepared to support sterling, if necessary. His answer was:

> "No, the Bank of England's policy is to target inflation, not to target the currency."

The Chancellor was not willing to accept responsibility for his part in this, which is to deal with exchange rates. He said that the Bank of England will not deal with exchange rates. Of course it will not, because that would be outside the remit given to it by the Chancellor in 1997.

Have the Government accepted any responsibility for where the exchange rate is now? What is their policy? In a written answer on 21 April 2008, the Exchequer Secretary stated:

> "By maintaining sound public finances and low inflation the Government contribute to exchange rate stability. This is consistent with their objective of a stable and competitive pound over the medium-term."—[*Official Report*, 21 April 2008; Vol. 474, c. 1674W.]

Unfortunately, despite my best endeavours—I asked the Library for help—I have been unable to get a definition of "medium term", but I am sure that the Minister can explain how the 25 per cent. devaluation in 2008 was consistent with a policy of stability in the medium term. I hope that in a moment of frankness he will say that, of course, it was not, but that would be an unusual admission for the Government to make.

The reality is that this Government's macro-economic policy is an utter shambles. The so-called golden rules have been dumped because they became an embarrassment, and all that has been put in their place is a policy of ever more state intervention, borrowing and waste. That will undermine our nation's economic prospects for years to come, probably for a generation. The Government's failure to deliver on their avowed policies, whether eliminating boom and bust or monitoring and maintaining a stable exchange rate, is causing untold hardship up and down the country.

This debate is timely, because I have received representations from a company in my constituency that is the largest importer of a type of sport-related promotional product. In less than a year, the cost of its imports have risen dramatically making it hard to deliver to UK customers on agreed contractual terms. The managing director told me that he did not insure against currency risk. On asking why not, he replied that he had accepted the Government's statements that the exchange rate would remain stable. He cannot be blamed for not realising that, far from remaining stable, the exchange rate would decline by 25 per cent. What message of apology does the Minister have for that individual, his company and the people who work for him?

With the Government's policy of exchange rate stability in ruins, where do we go from here? The policy of maintaining sound public finances has been abandoned in favour of ever-higher borrowing. I am sure the Minister will accept that that will lead to a further devaluation and a significant inflationary problem.

In November 2007, the Governor of the Bank of England claimed that anyone searching for a stable, trade-weighted exchange rate

> "couldn't do better than look at sterling".

Were businesses wrong to rely on the Governor's words? Were foreign investors wrong to look to him as an expert on the matter?

In evidence to the Treasury Committee on 25 November 2008, the deputy governor of the Bank of England, Mr. Bean, said that the more than 20 per cent. depreciation in sterling

> "is about the right sort of order of magnitude that is required."

He stated that the Bank of England had

> "always recognised that at some stage the economy would need to rebalance away from domestic demand towards the external sector as part of the process of correcting an unsustainably large current account deficit."

He said that there was an unsustainably large current account deficit caused by the Government that needed correcting. That it has not been corrected, but rather exacerbated, is one reason why our currency has declined so much in value. How does that fit in with what the Governor said a year earlier about stability in the exchange rate? Does it not just demonstrate what a mess the Government are in on this area of policy?

Numerous articles have been written in recent months about the sterling crisis. I could quote a number of commentators. Does the Minister agree with Peter Spencer, the economic adviser to the Ernst and Young ITEM Club, which uses the Treasury's forecasting computer? On 11 December, he was quoted in the *Financial Times* as saying:

> "The problem is the UK economy doesn't have a leg to stand on… It's very hard to know where the floor for sterling might be when there's nothing to support it."

I worked for Ernst and Young in 1992 during the last sterling crisis and the resulting humiliation of John Major's Government. I still have the original newspapers from that time. I remember how difficult it was as a former Minister and MP and a prospective Conservative parliamentary candidate to explain to colleagues what had been happening and whether there was a coherent Government policy. The judgment passed by the Ernst and Young ITEM Club is that this Government have made an absolute mess of their responsibilities and that their economic policy is in a complete mess. If we carry on like this, there will be a further devaluation of our currency.

This situation is due to gross mismanagement of our economy. Just between 2000 and 2007, Government expenditure rose by more than £100 billion in real terms after inflation. Nothing was put aside in the good times, and we are now in the bad times. I do not have time to quote the Prime Minister's comments in *The Times* on 17 September 1992, when he said that confidence would not simply return on request. That is what he is asking for now. Economic events are determining the outcome. I understand why many Government spin doctors would like to preserve their cover under the cloak of membership of the European single currency. The extent to which people are being betrayed by the Government would then be less apparent.

I hope that, in responding, the Minister will declare where we should go from here. I hope that he will accept responsibility for the 25 per cent. devaluation and give some hope to those who are watching and worrying about the value of the pound in their pocket.

4.46 pm

The Economic Secretary to the Treasury (Ian Pearson): It is a pleasure to serve under your chairmanship for this short debate, Mr. Weir. I congratulate the hon. Member for Christchurch (Mr. Chope) on securing it. He will not be surprised to hear that I agree with almost nothing in the analysis he has put forward for the past 16 minutes. I will set out for the record the Government's view on these matters.

As the hon. Gentleman knows, exchange rates fluctuate and respond to a wide variety of factors on a minute-by-minute basis. Movements in sterling in the recent past have occurred in a turbulent global economic environment. I never cease to be amazed that the hon. Gentleman and the official Opposition seem to take the view that this is not a global financial crisis. Anybody who reads the newspapers or steps beyond these shores knows that the issues we are discussing and debating in Parliament are being discussed and debated in Parliaments around the world. The concerns that people and businesses rightly have in the United Kingdom about the state of the UK economy apply equally to the European and US economies. There are downturns and reductions in growth, even in countries such as China and India.

Mr. Chope: Will the Minister give way?

Ian Pearson: I would like to reply to the hon. Gentleman's speech, but I am happy to give way to him.

Mr. Chope: This is a fundamental point. Will the Minister explain why there has been a 25 per cent. devaluation of sterling and why that has not happened to other currencies?

Ian Pearson: The hon. Gentleman is right that overall the sterling exchange rate index has declined by 25 per cent. in the past two years and by about 14 per cent. since the beginning of August 2008. Exchange rates fluctuate. He is also right that, against the dollar, sterling has lost more than a fifth of its value in the past two years, and more than a quarter against the euro. International developments have affected other countries. The euro has lost about 8 per cent. of its value against the dollar since summer 2007 and the yen has lost about 17 per cent. The International Monetary Fund has stated:

> "Foreign exchange markets have also been affected by heightened uncertainty about the safety and soundness of global financial assets and the impact of financial stress on economic performance."

It should also be remembered that recent falls in sterling come after a sustained period of sterling strength that lasted through the late 1990s and until long after the mid-point of this decade, so despite recent falls, we have had a decade in which the exchange rate has been historically stable overall. We shall continue to see exchange rate fluctuations in this country and with other countries' currencies as well. That is the nature of floating exchange rates.

Let me say something about exchange rate policy. If we go back, as the hon. Gentleman did, to the post-war era and before, we can see that there have been a number of attempts, as he well knows, to control the exchange rate and, as a result, the UK economy as a whole, but those have been rarely without complication and mostly unsuccessful. For the first part of the post-war era, sterling belonged to the Bretton Woods system of fixed exchange rates. That arrangement ended in 1972. Through the '70s and '80s, which we remember well, there were various attempts to use the exchange rate as a policy instrument, including by having sterling shadow the Deutschmark.

In 1990, sterling joined the exchange rate mechanism, which tied sterling within a target band against the euro in the hope that that would deliver low inflation for the UK economy. I do not need to rehearse the arguments about the UK's ignominious exit from the exchange rate mechanism to the hon. Gentleman or engage in political point scoring about that or, indeed, the record of previous Labour Governments when we had to devalue the pound. The one thing in his contribution with which I agreed was what he said about floating exchanges rates. He seemed to be a fan of floating exchange rates. Since September 1992, sterling has been allowed to float freely against other currencies.

The Government's objective is a stable and competitive exchange rate in the medium term, consistent with meeting the inflation target. Our experience in economic policy making is that trying to target exchange rates is simply the wrong policy. The policy of inflation targeting has stood the UK in good stead over the most recent

[Ian Pearson]

period. The Government's macro-economic framework includes a monetary framework that is designed to deliver low and stable inflation through the symmetrical inflation target. As the hon. Gentleman knows, the target is 2 per cent. at all times. Under that regime, the exchange rate is allowed to adjust to clear the market.

Despite the major challenges presented by the global economy at present, the framework continues to serve us well and compares favourably with the outcome of the previous macro-economic policy approaches to inflation and growth that I have mentioned. Since 1997, inflation has averaged less than half what it averaged in the previous two decades, while growth has been stronger. Indeed, since 1997, the UK has had one of the lowest inflation rates in the G7; before 1997 it had one of the highest. There is no shortage of evidence on the other key strengths of the UK economy. I could point to the foreign direct investment as a percentage of our gross domestic product, which is the highest in the G7. The World Bank ranks the UK as the sixth best place to do business out of 181 countries in its "Doing Business 2009" report.

There are clearly implications from a weaker exchange rate, both for prices and for volumes of goods and services in the economy, and the hon. Gentleman mentioned some of them. He also mentioned Charles Bean, the Deputy Governor of the Bank of England with responsibility for monetary policy, and I, too, should like to quote him:

> "We've had the best part of a 20 per cent. depreciation of sterling over the past year, which is pretty hefty. Now, obviously the external climate has worsened, but that very considerable stimulus from the exchange rate should also help to pull the economy out of its slow period."

In addition to the automatic stabilisers, a floating exchange rate, combined with the Government's overall macro-economic policy, offers a sensible strategy to help the UK economy during difficult economic times. I have to make the point that has been made elsewhere about the decisions and judgments that the Government made in the pre-Budget report and previously about giving a fiscal stimulus to the UK economy during these difficult economic times. The fact that countries across the world have decided to introduce similar packages of support indicates the strength of our position. It is simply the right thing to do.

I also refer the hon. Gentleman to the comments that the Governor of the Bank of England made recently when giving evidence to the Treasury Committee. He rightly expressed concerns:

> "If sterling falls far enough, this will be a concern and it will have an impact on inflation...Just as the…Dollar fell very sharply over a period, it's not surprising that we're seeing some fall in sterling's effective exchange rate; and that can be a helpful part of the rebalancing, provided it doesn't threaten our ability to meet the inflation target. So it's something that we keep a very careful eye on and we certainly have no wish to see it fall particularly sharply. But I think we have to accept that some fall back from the level where it was…in the summer of 2007 is probably an inevitable part of the rebalancing that's going on."

A weaker exchange rate, all other things being equal, makes our exports more competitive than they would otherwise be, but also risks higher prices. That is one of the many global issues that policy makers have to consider in the current challenging environment. The hon. Gentleman and I simply part ways in our fundamental economic analysis of how the macro-economic policy framework should be designed and how the exchange rate fits into the regime. If he wants to come back and suggest that inflation targeting is not the right policy and, as his party does, that a fiscal stimulus during a global financial crisis in which the European economy and the United States are already in recession is not the right thing to do, his party needs to set out more coherent arguments as to why that is the case.

Mr. Chope: I do not speak for my party; I am just interested in finding out the Government's policy. The Minister seems to be suggesting—laughably, I think—that we have a strong economy and stability in the exchange rate. We do not. Does he accept that the reckless borrowing policy that the Government have embarked on will inevitably drive down the value of sterling even further and that those who are predicting parity with the euro may be making the right judgment?

Ian Pearson: No, I do not accept that at all. My response to the hon. Gentleman's question is that we started this difficult economic period in a relatively strong position compared with many other countries. Our debt levels were low compared with those of G7 and other countries. As a result, the borrowing and the fiscal stimulus that we are undertaking are an entirely sustainable policy. Of course, we need to see fiscal tightening in later years, but at this time, it is simply the right thing to do to bring forward expenditure and to have the fiscal stimulus provided by the cut in VAT. People have asked, "Does it make a difference?" At an aggregate monetary level, the VAT cut does make a difference. It is pumping an extra £12 billion into the economy and it is the right thing to do when an economy is entering a recession.

Of course, this is a global problem. It started in the sub-prime mortgage market in America, with which we are all familiar now, but it has spread to affect banks across the world. That is why the only way to resolve it is through global action. The US and the euro area are in recession, and the IMF has said:

> "The world economy is now entering a major downturn in the face of the most dangerous shock in mature financial markets since the 1930s".

The Bank of England has said that

> "the world economy appears to be undergoing an unusually sharp and synchronised downturn".

This is not just happening in the UK, and it is wrong to pretend that it is.

Inevitably, there are difficult times ahead, but the measures that we have taken, such as the fiscal stimulus in the pre-Budget report, and the measures that we have announced today to support business through the enterprise finance guarantee and the working capital scheme are the right ones, and I commend them to the—

5 pm

Sitting adjourned without Question put (Standing Order No. 10(11)).

Westminster Hall

Thursday 15 January 2009

[John Bercow *in the Chair*]

Policing and Criminal Justice (Northern Ireland)

[Relevant documents: Third Report from the Northern Ireland Affairs Committee, Session 2007-08, Policing and Criminal Justice in Northern Ireland: The Cost of Policing the Past, HC 333, and the Government response, HC 1084.]

Motion made, and Question proposed, That the sitting be now adjourned.—*(Ian Lucas.)*

2.30 pm

John Bercow (in the Chair): Before we begin the debate, I have a brief statement to make. Members are reminded that four current inquiries into historical events—the Bloody Sunday inquiry and inquiries into the deaths of Rosemary Nelson, Robert Hamill and Billy Wright—are covered by the House's sub judice rules. Therefore, references to matters such as the cost of the inquiries are admissible, but references to the substance of what is being considered are not. I would be grateful to hon. Members for their co-operation. To open the debate, I call the Chairman of the Select Committee on Northern Ireland Affairs.

2.31 pm

Sir Patrick Cormack (South Staffordshire) (Con): Thank you very much indeed, Mr. Bercow. It is a great delight to speak under your chairmanship, and I entirely accept what you have just said. The Northern Ireland Affairs Committee's report is consistent with those remarks. We talk about the cost of inquiries, we have subsequently corresponded with Lord Saville about the length of his inquiry, and I may well refer again to both those aspects, but, as to the substance, it would be entirely wrong of me, or of anyone else, to make any comment. Thank you for reminding the Chamber of that.

I ought to give a collective apology for my Committee, whose members are conspicuous by their almost total absence from the Chamber, with the exception of my hon. Friend the Member for Upper Bann (David Simpson), who is here although afflicted. He has lost his voice and, therefore, will not be in a position to speak at his normal length, or with his normal fluency and beguiling articulacy. I am, however, grateful to him for being here.

Other Committee members are unwell, some are in Northern Ireland and some are in the House, taking part in the debate about Gaza. Indeed, perhaps you will allow me to say in parenthesis, Mr. Bercow, that that illustrates the difficulties of Westminster Hall sitting at precisely the same time as the House. Without wanting to cast any aspersions on the importance of this subject, because I should be the last to do that, I think that we would all like to be in the House discussing Gaza, which is a matter of such enormous importance. I hope that the appropriate House authorities will have another look at the issue, because effectively to prevent Members from being in the House when a major debate is taking place is unfortunate, to put it mildly.

This is a very important issue, and I am delighted to say that my Committee was able to produce, yet again, a unanimous report. It is worth putting it on the record that the Committee consists of seven Government Members, another Member from the official Opposition apart from me—I try not to be at all party political in my role as Chairman—and four Members from the Province: two from the majority Democratic Unionist party, one from the Social Democratic and Labour party, and the sole remaining Ulster Unionist Member. For us all to be able to work as we do, amicably, and to produce unanimous reports is not without significance.

We are talking today about a sensitive issue—policing the past and its cost—and I would not want anyone in the Chamber to think that by cost we are referring merely to the financial cost, real and important as that is. There is a real, human cost, and after a period of 30 years, there can be no sane and sensible person who is not delighted at the progress that has been made, particularly in the past two years. It would be appropriate to pay tribute, yet again, to the former First Minister, the current First Minister and the Deputy First Minister, all of whom have helped to make the settlement. Every one of us wishes it continued success, conscious as we are of the difficulties.

Almost everything has been devolved to the Assembly, and rightly so, but policing and justice remain the concern of the Secretary of State and the Minister of State. I am delighted that the Minister is present, and, as I am handing out a few bouquets, perhaps I might pass him one, because he has made a remarkable contribution during his time in Northern Ireland. He is universally respected, even by those who do not always agree with what he says, because he has shown himself totally committed to Northern Ireland, absolutely even-handed and without prejudice or bias. He has made a very real contribution, and I am extremely grateful for it.

The Committee decided that it wanted to look into the cost of policing the past. We made the decision at a time when, yes, that was the right subject for us to look at, although the consultative group under the joint chairmanship of Denis Bradley, former deputy chairman of the Northern Ireland Policing Board, and Lord Eames, former Primate of All Ireland, was conducting its inquiries. When I put in a bid for this debate, I and most of us thought that the consultative group would have made its report by now. Indeed, when the Committee was last in Northern Ireland, a few weeks before Christmas, we met Lord Eames and members of his group, with whom we have had continual contact, and their report was virtually concluded. They thought that they would publish it either shortly before Christmas or shortly after. There has been slippage—I make no criticism of that, because I do not know all the reasons—and the report will be published on 28 January.

When we put in for this debate, however, we thought that it would be against the background not only of the Committee's report, but of the Eames-Bradley report. It is a pity that we do not have the benefit of its conclusions and recommendations, because we were diffident about making recommendations in certain areas ourselves and did not want to appear to pre-empt what Eames-Bradley were doing. Theirs was essentially a complementary but different exercise from ours: they travelled the length and breadth of the Province, meeting

[Sir Patrick Cormack]

all manner of people from all communities and walks of life, amassing an enormous amount of information and taking considerable time—quite rightly—to do so. We await with great interest what the group has to say, but that does not prevent us from making a few points today.

I shall not give a series of votes of thanks today, but I am absolutely delighted, as I am sure most people are, that one of the international assessors, Marti Ahtisaari, former President of Finland, has just been awarded the Nobel peace prize. I can think of no more appropriate recipient. When the Committee was in Northern Ireland last summer for a full meeting with the Eames-Bradley consultative group, Marti Ahtisaari was there and took a real part in our discussions. He is a truly remarkable man.

Our report looks at how the past is being dealt with, and we must remember that we are doing so against a background of more than 30 years of real tragedy in part of the United Kingdom. More than 3,000 people lost their lives and countless thousands more were injured, some of them grievously. Most of those people were victims of terrorist violence; some were terrorists themselves. Even when a terrorist is killed, be he or she from the republican community or the so-called loyalist community—it is an insult to the rest of that community to call any terrorist a loyalist—they still leave families behind, often families who did not approve of their nefarious activities.

How does one come to terms with the fact that many of those people were slain at the hands of those who had not been brought to justice? The Historical Enquiries Team, which was the brainchild of Sir Hugh Orde, Chief Constable of the Police Service of Northern Ireland, was established to look into the killings, stretching back over a period of more than 30 years.

During a visit in the summer, which was one of several made last year, we went to see the HET at work. We met its members, examined their methods and had the moving benefit of meeting the relatives of some of the victims from both communities. What struck us was that those victims' families whom we met were all very complimentary about the manner and sensitivity with which the HET had worked. One was conscious, however, of a number of things that one had to bring to the attention of Parliament. For instance, every single case is being investigated, regardless of when it happened, the circumstances in which it happened and the evidence available to investigate it. We must remember that there were many attacks on police stations during the troubles. There were two devastating attacks on the forensic science laboratory, which virtually destroyed it. In some cases there are reams—indeed, rooms—of evidence, and we saw some of it; in others, the evidence is scant.

In some cases, there is a grieving family who want an opportunity to come to terms with the past, but in others people do not particularly want an investigation. In some cases, no one knows whether people want an investigation or not. I was talking to the police officer in charge of a case concerning a bachelor in his late 60s or early 70s, who was killed in 1972 or 1973, with, so far as the police knew, no next of kin or anyone to whom they could refer.

One begins to wonder whether all that is absolutely necessary, which is why paragraph 26 of the Committee's report states:

> "We were surprised to find that all cases are automatically reviewed by the HET. We accept that there are benefits in building a complete picture of often interconnected events. We also accept that a family which initially chooses not to participate in a case review may later change this view; and that there will be occasions where a family member (such as a grandchild) might only feel able to participate once an older relative has come to terms with the re-examination of painful past events, or has died. In such circumstances, the fact that the HET has carried out a comprehensive review of all cases will enable it to help families at a time that is right for them. Nevertheless, we conclude that in some cases scarce resources are being used to investigate historic cases where there is little likelihood of helping a family and limited opportunity of securing a conviction."

That has to be taken on board seriously.

The Minister's reply to the Committee's report, which on the whole was positive, does not sufficiently tackle that point and perhaps he will say something about it this afternoon. Perhaps, too, he will want to await the comments of Eames-Bradley, and I shall understand if he does, but this is an issue that one has to address.

What also came across in many of our evidence sessions and private meetings—we had both, with victims and families and so on—was the range of difference. On the one hand, the widow of a police officer, married for 40 years, whose life was devastated when he was killed, said "I want to move on. I don't want to rake up the past. What happened, happened. It was terrible, others suffered too, but if Northern Ireland is going to have real normality in the future, we cannot go on living in the past." She was a most persuasive lady. That was part of a private session, so I will not give any indication of her identity. In a public session, we had the widower of a young woman who was killed in an atrocity on the Shankill road. One of the talks was on memorials, and when I asked him whether he would be prepared to see the name of the person who killed his wife on the same memorial as his wife, which is a difficult question, he paused and said, very simply but quietly, "Yes." That is a degree of forgiveness that I personally do not think I could emulate, and I know that many others could not.

Another young man came to see us, whose father and grandfather were both killed. All he is interested in—I do not say this accusingly—is seeing the perpetrators brought to justice. There is a range of feelings and responses: some who never want to let go, others who want to let go; some who are prepared to see every victim commemorated and all commemorated together, and others for whom that solution is utter anathema. The difficulty is that one can understand them all and, to a degree, relate with them. That is one of the things that makes it so very difficult. Of course, although it is not easy for any of us, it is easier for those of us who do not and have not lived in the Province of Northern Ireland to talk objectively than it is for those who do.

I have been a Member for a long time and have lost colleagues to IRA violence. The late Robert Bradford, who was a Methodist minister and MP for a Northern Ireland constituency, had an office next to mine. I said to him, "Goodbye, see you next week" one Thursday and, over the weekend, he was gunned down in his surgery—killed. I was friendly with the late Ian Gow. The late Airey Neave was the brother-in-law of a constituent, and he became a close friend. My wife and

I were toasting the defeat of the Callaghan Government in the House on, I believe, a Wednesday night. On the Friday, as Airey Neave was driving out of the car park here, he was killed. I was briefly on a hit list, because the IRA had several targets in Staffordshire.

One has had some experience, but it does not begin to compare with what the people of Northern Ireland have been through. It does not even begin to compare with the detailed, intimate knowledge of tragedy that my hon. Friend the Member for Upper Bann has. There can be few of us who have listened to our colleagues from Northern Ireland in the Chamber who have not felt moved by their accounts of relatives slain, and families absolutely devastated as a result.

All that has to be taken into account. However, we have to move on. We will have to see what the Eames-Bradley consultative group's report says and recommends, but, whatever the difficulty, we cannot go on indefinitely—our report makes that plain—because of the cost, not just the financial cost, which, as I have said, is real and significant, but because of the human cost of keeping wounds open. When is the right time to stop? I do not know, but I do know that it has to come. I am glad that my hon. Friend is indicating his assent to that proposition.

We made several significant recommendations in our report, to one of which I have already alluded. With your permission, Mr. Bercow, let me refer to one or two more. We recommended that

"alternative ways of prioritising cases should be identified so that resources may be focused on cases in which the next of kin of the deceased specifically request investigation or where the existence of forensics or other exhibits provides investigative opportunities that could contribute to a successful prosecution."

We also recommended a mid-term project review.

We had conversations, both formal and informal, with the Police Ombudsman for Northern Ireland. The ombudsman's office was established to give the people of Northern Ireland confidence in the policing of the present, but it is in danger of being overwhelmed with its responsibilities of investigating the policing of the past. The ombudsman himself, in evidence to our Committee, said that he wanted the role to be divided. We concluded that

"the extension of the Ombudsman's remit to include historic cases was having a damaging effect on the efficiency of that Office."

We also called on those running the statutory inquiries to recognise that the future safety of certain people—indeed, possibly their lives—who supplied sensitive information could well depend on their decisions. We called for a review of the inquiry information management procedures—rather a mouthful—particularly because, even as we were deliberating on our report, a sensitive disc was stolen from the Rosemary Nelson inquiry. We must remember that some people will always fear for their safety, because of their bravery in giving and sharing information in the past. I refer not only to those whom one would normally call informers, although they played an important role.

On the subject of inquiries—but not, indeed, on their substance—we felt that because they are so time-consuming and costly, no more should be established unless there was real consensus among the political parties in the Northern Ireland Assembly that they should be established. That is eminently sensible.

We were concerned to learn after the publication of our report and just before Christmas that Lord Saville wanted another year. I wrote to him on behalf of the Committee and invited him to come to talk to the Committee, not about the substance of the inquiry but about why an extra year was necessary. I received a firm, polite refusal. Of course, no Select Committee, although it can send for persons and papers, can compel the attendance of a Member of the other place, so he was entirely within his rights in refusing to come before us, but I felt that it was a pity that he did not come and put on the record some of the reasons for the extra year.

The inquiry has gone on for a very long time. The earliest we can now expect the report is the end of this year. The event took place well over 30 years ago, and, by the time the report is delivered, public expenditure will have reached some £200 million. The costs are running at well over £180 million at present. Those are big sums. Obviously, one cannot pre-empt the report—one does not know at all what it will say—but one wonders what its value will be when, by the time that it is published, so many of the principals will not only be long retired but several, including the then Prime Minister, will be long dead. Those issues must be addressed.

I hope the Minister agrees that we should have no more inquiries unless there really is a consensual demand from within Northern Ireland, in which case, of course, that would be different. I believe that he has indicated that he does more or less agree with that.

It is crucial—this was another of our conclusions—that the Northern Ireland Office

"must continue to ensure that the PSNI has a budget sufficient to fulfil its operational remit and to meet its legal obligations with regard to servicing the statutory inquiries."

Sir Hugh Orde made it plain to us both publicly and privately that the time of some of his most experienced officers that is devoted to providing evidence and giving assistance to inquiries is prodigious and that that has an effect on the efficiency with which he can give Northern Ireland the police service that it deserves.

I shall conclude, because it would be interesting to hear what other hon. Members have to say. I hope that the report, limited as it inevitably is because we are waiting for Eames-Bradley, gives a few pointers. I hope that it serves to underline the fact that we understand the sensitivities of the issue and that we are unanimous in more than the report and its conclusions. We are unanimous in wanting Northern Ireland to be a normal part of the United Kingdom in the same way that England, Scotland and Wales are normal parts of the UK. We want it to be freed from the burden of its recent past, which has been bloody and tragic, and we want its people from all communities—I resist using the term "both communities"—to look forward to a bright future.

In particular, we want the young people of Northern Ireland not to be obsessed by what happened to their parents and grandparents, but rather to concentrate on living and working together to create a harmonious society for their children and grandchildren. If, in what we have said in the report, we have assisted in the development of that thought process, we will be well content.

3 pm

David Simpson (Upper Bann) (DUP): Welcome to the Chair, Mr. Bercow. As you can hear, my voice is not what it should be, although I am sure that many hon. Members will say that that is a blessing in disguise.

I echo many of the sentiments outlined by the hon. Member for South Staffordshire (Sir Patrick Cormack) and congratulate him on his chairmanship of the Committee, as I congratulate all members of the Committee. The Committee had not the luxury of my input to the report, because I was not a member until recently.

The hon. Gentleman sang the praises of the Minister, which I echo. I would like to say, without trying to keep in with him, that he has played a constructive part in all the work on Northern Ireland. He is held in very high esteem—I mean this sincerely—by the political parties and by a lot of the general public with whom he has come into contact. I thank him for that.

Whenever we speak about policing in Northern Ireland, we are aware that it is an emotive issue, whether we are dealing with the past or with the future. Many of us from the Province could speak of the atrocities. The hon. Member for South Staffordshire mentioned Reverend Bradford, who was a Member of Parliament. I remember attending his funeral as a much younger man. I had never seen as many people at a funeral—I did not see so many people at a funeral for many years—as I walked behind the family that day. A lot of memories can be brought to bear, but it is important that we look to the future in Northern Ireland. It is important that, as the hon. Gentleman outlined in relation to policing, we get it right, that there is adequate funding for policing and that the atrocities of the past can be left to the past.

I am aware that we cannot go into the detail of the current inquiries, as you mentioned, Mr. Bercow, and I appreciate that. The hon. Gentleman mentioned the Bloody Sunday inquiry. Putting millions of pounds into that inquiry is totally wrong. I have to question the motives of those who called for that inquiry and ask whether they were politically motivated. There are those of us who, at the start, warned that this inquiry would go on for many years and that it was as if the Government were putting millions of pounds into a bucket full of holes. That is exactly what has happened; that is where we are today. We still have no outcome and we are now told that it could take another year before we have one.

We also have other inquiries, such as the Billy Wright inquiry, which you also mentioned, Mr. Bercow. Mr. Wright's father has fought a long and lonely battle, trying to get answers to questions about his son's death. Irrespective of what his son was or what he was guilty of, or what he was serving time for, his father and the family still deserve answers and conclusions about why he died the way he did.

There are many issues to deal with, but as you can hear, Mr. Bercow, my voice will not sustain. I thank all who were involved in producing the report. I say to the hon. Gentleman that I enjoyed being part of the Committee under his chairmanship and alongside all the other members of the Committee, whom I congratulate on the report.

3.5 pm

Mr. Alistair Carmichael (Orkney and Shetland) (LD): I am delighted to have the opportunity to speak this afternoon, Mr. Bercow, and I, too, congratulate the Committee and its Chairman, the hon. Member for South Staffordshire (Sir Patrick Cormack). The hon. Gentleman dispensed a remarkable range of bouquets, which, had they been real rather than virtual, would have rendered the Chamber injurious to a hay fever sufferer such as me. Since these are virtual rather than real bouquets, another one should be given to the hon. Gentleman, who performs one of the more challenging jobs in the House with remarkable skill and dexterity.

The report has dealt with an important and, some might say, controversial issue with remarkable thoroughness and sensitivity. The Committee Chairman reminded us of some of the limitations on the Committee's deliberations, particularly in respect of the existence of the Eames-Bradley commission. The Government response has trodden a delicate line very skilfully. We Liberal Democrats agree with the Minister's comment in the report that it is pertinent to wait until the publication of the report of the Consultative Group on the Past, chaired by Lord Eames and Denis Bradley, as their recommendations will undoubtedly impact on the issues considered in the Committee's report.

Dealing with the past and its legacy is by no means a straightforward process. Some may even suggest that to do so is counter-productive, in that it prevents people from moving on and keeps old wounds open. I have little sympathy with that view. In my experience, until there is proper closure and a proper examination of the past, there will be no prospect of this generation's moving on or of subsequent generations moving on. Without that closure and an open, transparent process, there will be no moving on. We have to be realistic about what we can expect of the current generation, who are human—they are flesh and blood, like the rest of us—with human foibles. But if the succeeding generations are able to put the past behind them, we will have achieved something worth while.

The Select Committee report reflects clearly how important it is for those who have lost loved ones during the troubles to have their stories heard and their concerns taken seriously, and how there needs to be a holistic means to address the legacy of violence and division in Northern Ireland. It was put to me recently that, for many people, the war is not over because it is still being fought in their minds, day after day. I am reminded of E. P. Thompson's remark that peace is more than simply an absence of war. It is a fact that, many people in Northern Ireland today, although the bombings and shootings have finished, are still certainly not at peace.

The Historical Enquiries Team has been directly involved with this process, as it is charged with assisting in bringing a measure of resolution to those families of victims who are affected by deaths attributable to the troubles. Paragraph 16 of the report quotes the director of WAVE, an organisation that provides support and training services to people who have been bereaved, traumatised or injured as a result of the troubles:

> "From speaking to a number of people who have come through that process from the early 1970s, the fact that someone is sitting down, listening, coming back with answers, adhering to promises and undertakings they have given, has validity. Even to record at the time that an investigation was not adequate or things were overlooked… is something very positive for families in relation to having that process."

One of the major absences from the Good Friday agreement and its subsequent implementation was any holistic and comprehensive approach to transitional justice. Many other conflict resolution processes have involved some type of tribunal, domestic or international, to punish those responsible for serious offences. Others have established commissions to address truth and reconciliation issues. In some international cases, justice in the form of the conviction and punishment of those responsible for atrocities is deemed an essential pre-condition for reconciliation, while in other cases a process of truth recovery and apology is deemed appropriate as the basis for reconciliation. We might debate whether either course of action by itself can deliver reconciliation, but Northern Ireland has not yet been placed on either course and reconciliation remains an elusive goal.

To date, efforts to deal with the past and its legacy have been handled piecemeal. Those matters have been allowed to create further division. They include the early release programme, the work of the Historical Enquiries Team, the work of the police ombudsman, the Bloody Sunday inquiry and other statutory inquiries and inquests. I sincerely hope that the recommendations of Lord Eames and Denis Bradley will present us with a comprehensive approach to dealing with the past that counters the piecemeal tendency that has been the hallmark of the process hitherto.

I might add in parentheses that having met Lord Eames and taken a close interest in the working of his commission, I am fairly optimistic that he will offer us a road map that takes us to that destination.

David Simpson: The hon. Gentleman mentions the Eames-Bradley report. Does he agree that if the report, when published, redefines the difficulties of Northern Ireland as a war, that will be the wrong step to take?

Mr. Carmichael: It is difficult to answer the hon. Gentleman's question without second-guessing what Lord Eames and Mr. Bradley will say, but he does us a service in highlighting the sensitivity of the language in these cases. I anticipate that from Eames and Bradley we will get not answers to questions such as that, but perhaps a process that allows those in Northern Ireland who are most closely involved to arrive at answers for themselves.

One remarkable feature of Northern Ireland politics, which I see as an interested outsider, is that it is easy for us sitting here to come up with answers. As the hon. Member for South Staffordshire said, there is not the same immediacy of impact in what we see. It is pointless for us to bring up answers, because the problem is not ours; the problem is for people in Northern Ireland. If we go too far towards producing answers, whatever they are, we encourage a process that prevents people in Northern Ireland from taking responsibility for their destiny.

Let me return to the somewhat piecemeal nature of the process to date. All those actions have been constructive in their own right, but they have also involved their own difficulties. One of the most pressing, which the report highlights, is the financial cost involved and the resourcing implications that that has had for the organisations at the forefront of investigating the past. It is no doubt reassuring to the families involved that the Chief Constable is committed to keeping the Historical Enquiries Team project going for as long as it is needed, but it is worrying that the demands of running that project might compromise the ability of the PSNI to fulfil its primary role of policing the present.

The Chief Constable accepts that if no additional funding were to be made available for the HET, it would have an impact on the resources available for current policing activities. The report quotes him as saying that

> "the reality of course, is if there is no more additional money, that, like everything else will be drawn out of my current budget".

It is clear from the report that that experience is shared by the police ombudsman. The ombudsman has seen a significant increase in the number of historical complaints made to his office since the HET began operations in 2006. He has had difficulties in securing sufficient additional funding to resource the additional work, and some staff have been reassigned from current investigations to assist with historical work. The report states:

> "The pressure on the Office is compounded by the limited availability of skilled, experienced and appropriate staff, to manage, lead and undertake such investigations… The complexity of the cases and the gravity of the issues immediately necessitate significant managerial involvement."

People always talk about normalisation in dealing with Northern Ireland. The role of the police ombudsman ought to be to deal with policing issues arising from current policing. In fact, it is pretty clear that for as long as the service remains bogged down with the inquiries of the past, it will not be in a position to say that it is dealing with a normalised situation. It is in the interests of the efficient and effective working of the ombudsman service itself that it should be allowed to devote its resources to dealing with the primary purpose for which it was set up by the House.

I shall make one observation on the question of the finances, because this will be crucial. The debate is timely for many reasons, not least because we are, we hope, fairly soon to embark on a process of devolving criminal justice and policing to the Northern Ireland Assembly. I hope that the preparatory discussions relating to that will involve the cost of what we are discussing.

I hope, too, that there will be an understanding in the Treasury that significant financial legacies related to policing requirements are involved here, not least in respect of the payment of pensions to those who were part of policing in Northern Ireland through the troubled years when we needed much greater policing activity. That cost cannot be avoided; we cannot walk away from it now. I fear that if the Treasury regards the devolution of policing and criminal justice as an opportunity for cost cutting, we could do profound damage to the significant progress that we have made so far in Northern Ireland.

The cost, of course, is not just financial; there is a human cost as well. The disclosure of intelligence information to inquiries clearly presents challenges to the police and other organisations that are required to provide sensitive information, but which also have an obligation under article 2 of the European convention on human rights to protect the life of covert intelligence sources.

I am mindful of the work of the Privy Council review of intercept evidence and the ongoing work of the Chilcot review on how to take forward the recommendations in the report. That is obviously a complicated area of work, but there are a number of pressing cases that the work of the review could help to

[Mr. Carmichael]

resolve, and not just in Northern Ireland—those cases are pressing. It would be helpful if the Minister said today how that work is progressing.

There are clear and significant financial cost implications from the piecemeal approach of dealing with the past through selective inquiries. Once established, inquiries become a law unto themselves, with no accountability in respect of costs or assessment of value for money. It is bewildering to me, as it is to other hon. Members, that the Bloody Sunday inquiry has still not reported almost 11 years on from its creation. I shall say no more on that issue, but having embarked on the process and having devoted such resources to it, we should recognise that there will be plenty of time to pass judgment on its worth once we have seen the fruit of its labours.

I am more than happy to say that we need to learn from the experience of that inquiry, but we cannot form a judgment until we know exactly what we are going to get for the money that we have spent on it.

Fundamentally, there are trade-offs to be made in any society on how scarce resources should be allocated. Major opportunity costs will arise as a result of the course on which Northern Ireland has been set. The mounting cost of inquiries could go a long way to addressing other long-standing social, economic and environmental costs—and indeed policing costs. Looming on the horizon is a tightening by the UK Treasury of Northern Ireland's policing and security budget. Any new Minister for Justice in the Northern Ireland Assembly will have a difficult task in reconciling those issues unless the Government make a financial settlement at the point of devolution of policing and justice powers.

The sobering financial realities should embolden society across the political spectrum to give serious consideration to the forthcoming recommendations of the Consultative Group on the Past, and to aim for a cost-effective and all-embracing means to address the legacy of violence and division in a manner consistent with a shared future.

I apologise, Mr. Bercow, for perhaps having laboured the financial aspects of the process. It will be apparent to those who read the Committee's report and the Government's response to it that this is a complex area—one that requires a great deal of sensitivity to enable us to dance around many of the human considerations involved. Those considerations must be uppermost in our approach.

For that reason, the report and the Government response are much to be welcomed as part of a process. Liberal Democrat Members look forward to seeing the next stage of that process, which we believe to be the Eames-Bradley report.

3.22 pm

Mr. Richard Benyon (Newbury) (Con): It is a great pleasure, Mr. Bercow, to serve under your chairmanship. I start by apologising on behalf of my hon. Friend the Member for Tewkesbury (Mr. Robertson), who very much regrets that he cannot be here to take part in the debate. He had a long-standing arrangement in Northern Ireland today; I hope that the House and the Committee will think it no discourtesy to have to put up with me instead.

It is a great pleasure to respond to the report on behalf of the Opposition. I spent a number of my most formative years—I was in my early 20s—in Northern Ireland as a member of the security forces. I saw at first hand the misery of terrorism and its effect on the victims. Coupled with the grinding poverty that I saw in certain parts of Belfast and other parts of the Province, my experiences in Northern Ireland inform my politics today. After a few years as a member of the armed forces, I realised that I was like the Dutch boy with his finger in the dyke; I was not solving the problem, but I might have been containing it.

It was ultimately for political and civic leadership to solve the problem, which has now happened. Northern Ireland has now moved on to a much better phase. That is not to decry the great sacrifices made by so many in the police and armed forces—sacrifices of which the House is well aware. However, that understanding informs a wider debate; elsewhere today, the House is discussing Gaza. It is not for the military wing of Hamas or the Israeli defence forces to solve their problems. It will ultimately be for big politicians—I mean big-minded, broad-minded people—to be prepared to do what was done in Northern Ireland in order to make that society better.

I congratulate those from so many walks of life in Northern Ireland who were prepared to make difficult and heart-searching decisions in order to achieve what has been achieved so far—and what must continue to be achieved. I pay tribute to the Committee and its Chairman, my hon. Friend the Member for South Staffordshire (Sir Patrick Cormack). What my hon. Friend said should be underlined. He said that Northern Ireland must be freed from the burden of its past—an elegant way of approaching the problem. My hon. Friend also mentioned Rev. Robert Bradford, as did the hon. Member for Upper Bann (David Simpson). Robert Bradford was murdered during my first week in the Province. It was a pivotal moment, and I remember it clearly. Indeed, my father was a Member of the House and knew him well. I suddenly realised that all sorts of strands were being drawn together by a tragic act and the death of a remarkable person.

Despite the fast ball bowled to me today—the reason why I am responding to the debate—I have had a good opportunity to read the Committee's report. I congratulate the Committee on an excellent piece of work; it has raised some important issues and some pertinent questions. It would be nice to get a response to them today or in the near future.

I pay tribute to the contribution, made in difficult circumstances, by the hon. Member for Upper Bann. He made an elegant contribution, saying that the atrocities of the past should be left to the past. I hope that they can, but we must find a better way of delivering that end. The hon. Gentleman also mentioned the cost of the Saville inquiry. I shall touch on that point later. I worry that with these inquiries we have created an industry in Northern Ireland. That is to be regretted. One wonders who will benefit—with the ultimate exception of some wealthy lawyers.

Northern Ireland has moved on enormously since the troubles. Stability is required in order for the Province to move towards fulfilling its undoubtedly promising future. The Assembly is up and running successfully, and all but one competency has been devolved.

One of the main problems—it was mentioned also by the hon. Member for Orkney and Shetland (Mr. Carmichael)—is the cost of historical inquiries. It is more than a question of pounds, shillings and pence. The Government's projected budget for the inquiry has been exceeded by a wide margin. The Northern Ireland Office stated that it would provide £34 million over six years to fund the project. That was to go primarily to the Police Service of Northern Ireland, but small allocations were given to the Police Ombudsman for Northern Ireland, Forensic Science Northern Ireland and Northern Ireland's Public Prosecution Service.

The Historical Enquiries Team became operational in 2006; by the end of October 2007 it had spent £13.7 million. Will the Minister give us the most recent figures for how much has been spent to date? The Committee's report states that

> "the project will overspend its original budget allocation by 60 per cent."

That is £16.77 million. The project will cost more than double the amount originally forecast by the NIO. Do the Government intend funding the project at the new estimated cost? That is an important question.

The Committee's report notes that the chairman of the Northern Ireland Retired Police Officers Association referred to the process of historical inquiries as a "Rolls-Royce industry". We should not forget those other inquiries. The Saville inquiry is costing upwards of £200 million—nearly a fifth of a billion pounds. Without revisiting the arguments about whether that inquiry should have been set up, I wonder what people in all communities in Northern Ireland think of that. The vast majority in those communities would think today how much better that money could have been spent; and they would say that it should have been spent on civic projects.

The Police Federation for Northern Ireland expressed its view to the Committee that the project had gone beyond its scope and original intention. What was supposed to be a straightforward information-sharing exercise with the families' victims has grown to be much more.

The HET has been reviewing cases chronologically, beginning in 1968, as my hon. Friend the Member for South Staffordshire said. I do not see how that is a good use of resources. Taking such a broad approach is labour-intensive and costly, especially when it is highly unlikely that any prosecutions will take place, which is a view expressed even by the Chief Constable. He said in the report that "prosecutions would be limited". There is very little evidence going back as far as 1968. There are no computer records for the earliest years and, as has been said, the forensic laboratories were destroyed twice during the troubles.

I have discussed the report with a learned colleague in this House—my neighbour and right hon. and learned Friend the Member for Devizes (Mr. Ancram), who knows a thing or two about Northern Ireland and criminal law. He said that he had known people give evidence, with the best will in the world, in trials that related to events that took place just six months before. Through no intention to deceive, they gave a completely different view of proceedings—who was where, what happened and so on—from that of another person with similarly honest motives. It is difficult to see how we will get a clear view of what happened way back in the mists of time.

Surely, if we are to have historical inquiries, they must form part of an efficient system with prudent financial management and targeting of resources. It does not seem to be constructive to open every case since 1968, even those with little or no evidence and those, as the Select Committee Chairman said, with no apparent next of kin or people interested in finding out what happened to the victims. As we have heard, some families do not even want a case to be reopened or examined, but the HET does so anyway. I do not see how funding can continue if that approach is to be used. The cost is mounting. As suggested by the Police Federation of Northern Ireland in the Committee findings, would it not be better for families who want their cases investigated to approach the HET or another body and for it to be done on that basis with that form of prioritisation? I hope that the Minister will respond to that in his remarks.

There needs to be a cap on how much money and time is spent investigating the past. Resources are finite and could be used elsewhere. As I suggested earlier in relation to the Saville inquiry, much of the money could be spent better, whether on schools, hospitals or community cohesion projects, rather than on raking up the past. Do these inquiries serve a purpose? They are dredging up horrific histories at great financial and human cost. Historical inquiries are also skewed in that they show only one side of the picture—I am picking my words carefully here. The report mentions that the security forces are being investigated when they caused only—I say "only", but it is still a tragically high number—365 out of 3,600-plus deaths. The republican paramilitaries are said to have caused 2,158 deaths and the loyalist paramilitaries 1,099 deaths. The paramilitary groups, both republican and loyalist, destroyed evidence and covered their tracks, making it difficult to investigate their crimes or to hold them to account.

The most alarming point highlighted by the Committee report was that inquiries into the past were having an impact on the effectiveness of policing in Northern Ireland. The Committee states:

> "'We are concerned that the demands of running the HET project, and the likely overspend, might compromise the ability of the PSNI to fulfil its primary role of policing the present… The more police resources that are committed to servicing the needs of the various historic inquiries, the fewer resources are available for crime prevention measures or for apprehending present-day criminals".

The overriding goal for any police force is to prevent crime and to protect the public; anything other than that should be secondary. Policing the past should not get in the way of policing the present. The Chief Constable mentioned in the report that he has had to move key staff experienced in working in intelligence from their current policing priorities to historical work. The PSNI is under constant threat from terrorism. That threat is stark in the current climate; the police have been specifically targeted by paramilitary groups. Bombs have been planted by paramilitary groups with the intention to hurt and kill police officers in Northern Ireland. Society has also been affected by paramilitary crime. If Northern Ireland is to move forward, it needs stability, which can be achieved only through effective policing and stamping out the paramilitaries who are still able to break the law today.

[Mr. Richard Benyon]

Another important issue raised by the report is that the HET has been referring cases to the police ombudsman's office, which has increased significantly its work load. The police ombudsman has been taking on historical cases where complaints have been made against the former Royal Ulster Constabulary office. That has been described as

> "damaging public confidence in policing".

The ombudsman carries out important functions, and its work should not be compromised by mounting historical inquiries. However, the Committee's findings appear to show that the resources of both the PSNI and the ombudsman are being stretched as a result of the inquiries.

Highly sensitive information and intelligence is used during a historical inquiry. During the troubles the police relied on informants, because paramilitaries were well practised at removing evidence from a crime scene. Those informants put their lives at risk. The police are concerned about this information coming out in a public inquiry or being mismanaged in such a way that it is leaked. As the Committee Chairman said, the report reminds us that, during the Rosemary Nelson inquiry, a disk containing sensitive information was lost. Informants would no longer come forward if they were not offered any protection or anonymity. That is not just specific to Northern Ireland, but has wider-reaching implications in the battle against current terrorist threats. For example, in the case of the terrorist threat from Islamic extremists, if informants think that the British state will name them, even one day way in the future, they will not come forward. The nature of terrorism requires Governments to use informers and other covert sources. We should be able to protect such individuals. The report states:

> "The loss or inadvertent disclosure of sensitive intelligence information by an inquiry or panel or its staff could have serious consequences, including the risk to life."

Although legal provisions are in place regarding the protection of people who have given information, staff working on inquiries must be well trained and careful in their handling of information of this nature. What steps is the Minister taking to ensure that the people and bodies involved in historical inquiries are handling intelligence in the appropriate way and according to legal obligations? What procedures are in place to safeguard against losing intelligence data?

The report dealt lastly with inquests and their costs. A number of inquests have taken place into deaths that occurred during the troubles. The PSNI has had an increased work load in supporting the inquests and supplying information, but the Committee noted that no extra funding had been supplied to the PSNI and that money from the main policing budget was being used to pay for the additional cost of the inquests. It expressed concern that such additional work was compromising

> "the PSNI's ability to direct adequate resources to other high priority areas of policing".

That is a very serious statement.

The Committee report highlighted a number of concerns, some of which we were already aware of. The financial cost of historical inquiries is huge and rising; the Northern Ireland Office has gone beyond its budget and the costs keep mounting; prosecutions in historical inquiries are highly unlikely, which even the Chief Constable admitted, and PSNI resources continue to be diverted. That poses the question: are we getting this right? Are historical inquiries constructive to the future of Northern Ireland? I am deeply concerned by the Committee's assertion that such inquiries are getting in the way of effective policing in present-day Northern Ireland. A police force exists to prevent crime and protect the public. It is crucial that Northern Ireland has a society based on law and order—it is the most basic tenet of a civilised democracy.

Historical inquiries are dredging up the past, and preventing normality and stability by looking back to a troubled time. It is important to look forward and concentrate on current threats rather than past ones. The report alluded to not only the PSNI but the police ombudsman being stretched, as historical inquiries are now spilling over into that office, too. Perhaps there needs to be some sort of consolidation, which was mentioned by the hon. Member for Orkney and Shetland. Resources are stretched and the primary focus should be on the present, not the past. It is important that the offices carry out their responsibilities without being compromised by competing priorities. The current system is inefficient and needs to be reviewed. The HET has gone beyond its budget. The resources are not there, and it seems incredible that every single case is being opened, beginning, as I said, in 1968. What do the Government propose to do about such problems? I understand that they may be waiting for the Eames-Bradley group report. In that respect, it is unfortunate that we are meeting before the report is available.

Although I have been very critical about the processes and some of the unfortunate aspects that have been dragged up by such inquiries, I understand the reasons for them. If I was a victim, or a family that had suffered a murder, I should want to know so that I could bury the past. However, we must accept—that is what I did when I was in Northern Ireland—that every single atrocity, death and victim had different circumstances. To impose one feature of historical tribunals over the whole lot of them will not work. I hope that we can prioritise and work towards a better future, rather than raking up a past that we should all like to forget.

3.41 pm

The Minister of State, Northern Ireland Office (Paul Goggins): It is very good to see you in the Chair this afternoon, Mr. Bercow. We have had two significant and memorable debates on Northern Ireland. Yesterday, we had a statutory instrument on a matter of electoral reform. That was the day when time stood still in Westminster—the clock was stuck on 2.29 pm. If it had not been for the bravery and foresight of the Chairman who took us fearlessly beyond 2.30 pm irrespective of what it said on the clock, we might still be sitting there. Today, the hon. Member for Upper Bann (David Simpson) lost his voice in Parliament. That is something that none of us thought that we would live to see. It is very good that he has been here with others to contribute to today's debate.

I want to thank the Committee—particularly its Chairman, the hon. Member for South Staffordshire (Sir Patrick Cormack)—for the assiduous work that it has done in relation to this inquiry and for all the other work that it does. Too many people in Parliament think that the problem of Northern Ireland has now been resolved and that everything is running smoothly. Things have improved enormously for all the reasons that have been mentioned, but there are still issues to resolve. It is important that a group of hon. Members continue to pay close attention to such issues, to hold Ministers and officials to account, to report back to Parliament and to ensure that the issues that relate to Northern Ireland—part of the United Kingdom—are given a proper airing here. Again, I thank the Chairman of the Committee. We understand that a number of its members have prior engagements and commitments in Northern Ireland and in the main Chamber and so are unable to be here. None the less, we thank them for the tremendous job that they do.

I am very grateful to the Chairman of the Committee and others, particularly the hon. Member for Upper Bann, for the very nice things that they said about me. In all truth, any contribution that I have made over the recent past is extraordinarily modest compared with those who have led the process of change in Northern Ireland. People have had to swallow hard, grit their teeth and move forward. It is tremendous to have worked with some of those people and to see the brave way in which they are prepared to take decisions and work together. It is a great hope for us all and for those beyond the shores of these islands that that process has happened. Others have led that process in a quite remarkable way.

Although policing and justice powers are still to be devolved—we are working closely with the parties in Northern Ireland to achieve that shared objective—it is tremendous to see local politicians and local Ministers dealing with the economic downturn, housing and social exclusion. Just the other day, the Health Minister—I say this with a little feeling, because I was once the Health Minister in Northern Ireland—was completing his first major Bill in relation to health reform. That and other such issues are now being driven locally, and it is tremendous to see some of the early fruits of that.

This excellent report deals with a very difficult issue. I shall try to address and answer some of the questions and comments that have been made in the debate this afternoon. Many have pleaded the Eames-Bradley amendment, and I will probably have to do so as well. When I was giving evidence to the Committee, I said that we had to wait on a number of points. Like other hon. Members, I have to say the same again today, which places an enormous burden of expectation on the Eames-Bradley group, which is dealing with complex issues. Any contribution that it can make to help us to think more deeply and to move us forward in the right direction will be welcome, but we have to wait and see what it says.

It is worth recording that the core task of the Consultative Group on the Past, which was established in June 2007, is to consult across the community on how Northern Ireland society can best approach the legacy of the events of the past 40 years and to make recommendations, as appropriate, on any steps that might be taken to support Northern Ireland society in building a shared future that is not overshadowed by the past. That is a huge challenge. Those involved have had extensive meetings and discussions, and we look forward to their recommendations.

David Simpson: Does the Minister agree that, if the Eames-Bradley consultative group recommends that the troubles in Northern Ireland be reclassified as a war—we do not know what the report will say—it would have serious repercussions for the investigation of the past, because we would no longer be dealing with the murder or maiming of security forces, but with the issues of warfare? Moreover, those who have confessed to being the commanders of the IRA—I name the hon. Members for Belfast, West (Mr. Adams) and for Mid-Ulster (Mr. McGuinness)—would be guilty of war crimes and should be charged in accordance with that.

Paul Goggins: The hon. Gentleman will forgive me if I do not say what I think the group should or should not put in its report. However, I have never described it as a war, nor would I ever do so, but we will see what the group has to say about that and many other things.

Sir Patrick Cormack: What the Minister has just said would be a view echoed throughout the Committee.

Paul Goggins: I am sure that that is the case. We wait to see what the group recommends. Burdened as it is with such expectations, we need to give some time and careful consideration to the points that it makes. Our objectives—whether we are Committee members, Ministers or members of the consultative group—are those articulated by the Chairman of the Committee, who said that we are working together for a society in which young people can hand over something that is worth while to their grandchildren. Moreover, he quoted from the widow of a police officer, who said, "I want to move on." Enabling people to move on is the business in which we are all engaged. I am talking not about burying the past in the sense of pretending that it never happened, but about moving forward in a way that can build a positive future for the next generation and the generation beyond that.

All hon. Members who contributed to the debate mentioned the work of the Historical Enquiries Team. I was pleased, as the team will be, with the affirmation that the Committee gave to their very difficult work. Some 3,268 deaths occurred as a result of the troubles, each a story and tragedy in its own right—as the hon. Member for Newbury (Mr. Benyon) said, each is different. The HET is trying to bring explanation and resolution to people by uncovering as much information as possible. The Chief Constable was clear in his evidence, as he always is with me, that he does not expect many prosecutions, let alone convictions, but if stories are told, if information is recovered and if resolution is delivered, it is a worthwhile project.

It will not be possible to complete the task within the time frame or budget that was originally envisaged, but the project is a world first, so how could we know absolutely at the outset what would be required? The £38.3 million that we have given to the HET's work is over and above the core budget for policing or any of the other services. Set against the cost of other processes, we could describe it as good value for money if it brings resolution to the families of the 3,268 people who died.

[Paul Goggins]

To update hon. Members: 1,422 cases have been opened so far, and 509 cases have been completed; and on current projections, it is expected that 1,048 will have been completed by 2011, which is the end of the first six years of the project.

I vividly recall that the Committee subjected me to a fair degree of questioning on the procedure for dealing chronologically with cases. There is a discussion to be had about whether that is the best and fairest way of considering cases, but the HET has always maintained that it is. As the team told the Committee—they have since confirmed this—some two thirds of the families whom they approach want to engage, and of those who do not want to engage initially, 30 per cent. later want to do so. Therefore, nearly 80 per cent. of families say that they want to engage with the process, which is a very encouraging sign indeed.

One or two hon. Members expressed concern about the additional burden on the ombudsman's office. The police ombudsman receives additional funding for the work, but he has made a strong argument that he wants to focus on today's work, and I understand that. He has proposed a business case for dealing with legacy cases, and we have it with us. However, because of the Eames-Bradley group, we must give the business case consideration after the delivery of its report, rather than more immediately. Again, the £38.3 million that has been given to the HET is in addition to the core funding. Of course, the considerable amount of time and effort that it takes for the police to provide detailed information to inquests or public inquiries comes out of the core rather than the HET budget, but it is none the less important to say on record that the £38.3 million is in addition.

This was not mentioned in the debate, but it is important to update the Committee and hon. Members on the work now in hand to improve and make more effective the workings of the HET. It is changing the shape of the organisation: in future, there will be seven teams, and a senior investigating officer will take charge of each case, so that it is investigated in the same way as any other murder. The intention is to ensure that they do not simply open cases but close them, because people want resolution. They certainly hope that with the new structure, they will be able to close more cases, more quickly. Even given the necessary due consideration to the families concerned, they will make more rapid progress. Therefore, the number of staff in the HET will be reduced as a result of the process, not because of cost-cutting, but because it has found more effective ways of working, which is to be welcomed.

The hon. Members for Newbury and for South Staffordshire mentioned the loss of data by the Rosemary Nelson inquiry. That was a matter of considerable concern when I gave evidence to the Committee, which I was able to tell that we had appointed an independent security consultant to look into the data loss. I should emphasise that the data were lost rather than stolen, and as far as we are able to tell, there is no indication of any adverse impact, which is welcome. Rightly, the Committee and the whole House will want to be assured that such information is properly looked after. The consultant confirmed in his report that a satisfactory level of security was applied in the inquiries, although he made a number of recommendations. We asked him to go back and look again at the inquiry procedures towards the end of 2008, and he conducted a follow-up review from 24 November to 12 December. He reported that significant progress had been made on his original recommendations. The hon. Gentlemen will understand that I do not want to go into too much detail about the procedures this afternoon, but I will be happy to write to the Chairman of the Committee, so that he can share the information with his colleagues.

All hon. Members who spoke mentioned the delay and costs involved in the Saville inquiry. The Secretary of State for Northern Ireland and I regret the further delay in the delivery of the Saville report, but the inquiry is independent, and we are very much in its hands. Hon. Members mentioned their concerns about the costs, and I can confirm that the cost to the end of December stands at £185.7 million. However, because of the further delay, officials from the Northern Ireland Office have been in very close contact with the secretariat of the Saville inquiry to find out how costs can be reduced, especially regarding accommodation, IT, consultancy and other service contracts. I cannot give a precise figure this afternoon, because the work is in progress, but I hope to be able to confirm the details of what could amount to several hundreds of thousands of pounds of savings in the immediate future, even in the short time that the inquiry has left. I am sure that hon. Members will be pleased to hear that.

There is a debate about the expenditure on public inquiries, but I should like gently to point out that public inquiries have been essential in building confidence in the peace process in Northern Ireland. Although we may baulk at the size of the bill, we must understand the benefits that come from a greater confidence in the peace process, which we see all around us—I am talking about the end of the conflict and the progress on devolution—and that must always be weighed in the balance.

At the beginning of the debate, I believe that the Chairman of the Committee spoke about balancing the financial against the human cost. We must always do that, but it can sometimes be difficult in Northern Ireland. The hon. Member for Newbury twice mentioned raking up the past, but others might describe it as resolving the past. There is a debate to be had about that; but one way or another, we must work through things, and public inquiries have played a significant role.

I am sure that the Chairman of the Committee and other hon. Members will be happy to learn that we have no plans for any further public inquiries other than those that we already know about. Although Her Majesty's Government will not run away from their responsibility for taking the final decision on public inquiries that relate to the past, we will consult closely on any future suggestions.

I am pleased to see the hon. Member for Upper Bann and thank him for his contribution, and I hope that he feels better soon. Policing is important to every Member of Parliament, because we all want the difficult behaviour and criminality in our neighbourhoods dealt with, but I have learned that there is an added importance and significance to policing in Northern Ireland. I perhaps understand that dimension more acutely now than I did before.

That is why the Government have prioritised investment in policing in Northern Ireland this year and next year: around £1.1 billion will be available for policing. I accept that some of those costs, as the hon. Member for Orkney and Shetland (Mr. Carmichael) made clear in his contribution, relate to pension contributions and other commitments that have to be met, but it is a significant amount of money. The Secretary of State battled very hard for those resources in the context of the comprehensive spending review, and I am delighted that we have been able to deliver them.

None of that detracts from the fact that there are pressures within any public service budget, and that is true in Northern Ireland. I seek to work with the Policing Board, the Chief Constable and others to try to resolve those difficulties as they occur. I agree with the sentiment that every pound we spend on the past is a pound we cannot spend on the present, and that should be in the minds of everyone involved in politics and public administration in Northern Ireland. It is important that we resolve the past, but we also have to focus on today's needs.

The hon. Gentleman raised an interesting point on resolving the past. It is true that the conflict is over, but there are still signs of its legacy. The threat from dissident republicans is still present, and attacks on police officers still occur. Regrettably, we have had such attacks over the past year, but mercifully none of them resulted in fatalities. We know that that is a serious threat, that sectarian violence still exists and that physical barriers still separate communities. Until those barriers come down and the sectarian violence and hatred have gone, we will still have a legacy to deal with. The hon. Gentleman is right to suggest that that will take time and the attention and commitment of everyone. It can be assisted from the top down through priority and initiative, but the drive has to come from the bottom up as communities regenerate and rebuild with a positive view towards the future. That was an important point that the hon. Gentleman made.

The hon. Gentleman asked for an update on the Chilcot group's work on the use of intercept as evidence. I can confirm that the group is still working on that difficult issue, one that it is rather easier to agree with in principle than in regard to how it works out in practice. I will be happy to write to him to give a more detailed answer on precisely where the work is up to, and I hope that he will be happy with that.

The hon. Gentleman made the point, and it was echoed strongly by the hon. Member for Newbury, who speaks with considerable understanding of the matter, that human intelligence is very important in safeguarding the citizen. It is the best information we can get, and we need to continue to get it and ensure that we offer the right protection to those who provide it. We have serious article 2 obligations in that regard that need to be fulfilled, so it is important to create that balance between trying to move forward on the one hand while safeguarding people on the other.

I thank the hon. Member for Newbury for conveying the apologies of the hon. Member for Tewkesbury (Mr. Robertson), who is an assiduous attendee of all our debates. Yesterday we were discussing other matters, and today he is in Northern Ireland. He is very committed. The hon. Member for Newbury made a thoughtful contribution that drew on his own experience. His point about the military in Northern Ireland, and elsewhere, was absolutely right: it cannot solve the problem, but only contain the situation. The military did that in Northern Ireland, and for that we should all be grateful. It was tremendous to be able to go to St. Paul's cathedral last September with others to celebrate and be thankful for the work and commitment of the armed services over the years of the troubles. Operation Banner is now over, but there were thanks to be expressed, and that was an important and appropriate thing to do.

The hon. Gentleman is right that that job could go on for only so long and take us so far. In the end, the most effective result comes when the political and civic leaders, civil society and the community take a lead and build their own solutions. In a very personal way, he stated that, notwithstanding all the remarks and questions, were he a victim or a relative of a victim, he would want to know the answer. He asked several perfectly legitimate questions, and I will answer some of them in a moment, but it is important to remember that, were we in that position, we, too, would want answers.

The hon. Gentleman asked how much had been spent so far by the HET. By the end of the last financial year, 2007-08, the total spent was £17.6 million, by the end of November 2008 that was £23.2 million and the projection for the end of 2010-11 is £38.3 million. He described the costs as large and pointed out that they would not fund the whole project as originally envisaged, but as I have said, it is a world first. We made the best estimates we could, but some of the work has been painstaking and taken longer than anticipated. The inquiry team is looking at more than 3,000 deaths, and we must not forget that it is complex work. If information and explanations are given that were not available in the past and help to resolve problems and emotional difficulties for families, that is well worth it.

I emphasise again that the expectation was always for explanation, rather than prosecution, but if evidence leads to prosecution, that is all well and good. Some of the work that came out of the police ombudsman's report on Operation Ballast has been investigated by the HET, and four people have been arrested and charged with serious offences as a result: two with murder and two with other offences, including aiding and abetting murder. The involvement of the HET in that work is a welcome development. Even the Chief Constable, whose idea it was and who is its great champion, would admit that it is not a perfect solution, but he rightly says that, pound for pound, it is as good as anything devised so far and rather better than many other attempts.

Mr. Benyon: I would like to clarify something. I do not believe that anyone should have the right to all of the answers at any cost, and I add that as an important caveat. Whatever we as individuals would feel in those circumstances—it is almost impossible to predict how we would feel, even though we think we know—this could be a real burden on the resources of the PSNI and all the other bodies that I described earlier, so ultimately it cannot be allowed to continue without some form of cap.

Paul Goggins: A decision will of course have to be made in 2010-11 when the current HET funding runs out, and not all of the families concerned have had the cases of their loved ones investigated. A decision will

[Paul Goggins]

have to be made about how much longer those investigations will be carried out, how much more money will be spent on them and under what arrangements that will be done. The hon. Gentleman's question is perfectly legitimate. What is the right amount of money to spend to complete that task? We all have an obligation to make resources available for that kind of investigation, but it certainly cannot be unlimited.

I absolutely agree with the argument that simply using public inquiry as a way of resolving historical difficulties is not the most effective way to spend a large amount of money. We have made commitments that have been important in building confidence and the peace process and in getting answers for some people about certain events, but we have to begin to look forward. My argument is that in order to look forward with confidence we have to resolve some of those difficulties from the past. That has to be done not only by the whole society, but by individuals who have suffered the most in those tragic events.

In conclusion, I return to the remarks that the hon. Member for South Staffordshire made about the widow of the police officer who wants to move on, even though she has suffered more than most and had to live with that in the years since. We must balance looking backwards and paying for the costs of looking backwards with moving forward and investing in the future, and that balance is constantly under the microscope. I am grateful to the Committee for drawing our attention to those issues once again. In the end, of course, the full answer to that balance and to getting the equation right will be so much better when we have completely devolved policing and justice powers, as well as other Government responsibilities, to the local level.

4.10 pm

Sir Patrick Cormack: I thank all who have taken part in this debate for their thoughtful, constructive and helpful contributions. The Minister made a significant remark and gave some extremely important information when he told us that, by the year 2011, more than 1,000 cases will have been completed by the Historical Enquiries Team. However, that will leave 2,500 or more still to be completed. It underlines the validity and importance of the exchange between him and my hon. Friend the Member for Newbury (Mr. Benyon). It cannot be open-ended. One must recognise that, among those 2,500 people, are some who will be sorely grieved if they feel that their case will not be dealt with, yet somehow and at some stage, if we are to move on, we must come to an end.

As one of the people whom we met on a visit last year pointed out to me, we must also recognise that the Historical Enquiries Team investigates deaths. There are many families in Northern Ireland whose future was destroyed not by death, but by the complete incapacitation of a breadwinner, the scarring of a mother for life or the mutilation of a child. Such people did not die, but their families' hopes died when they were injured. In many ways, they are as much victims of the troubles as the bereaved, and we must recognise that as well.

It is difficult. We are all looking forward with eager anticipation to hearing what Eames and Bradley will say. I hope very much to be present at the press conference when they launch their report in a couple of weeks' time. I shall certainly want to talk to the Minister about it, and I know that my Committee will want to consider carefully what Eames and Bradley say. I hope that, collectively, we can make recommendations that make sense and enable us to look forward.

Each of us, whether we sit for a constituency in England, Scotland, Wales or Northern Ireland, is constantly reminded that there are people who cannot have life-prolonging drugs because of their cost. If we are to have a society in Northern Ireland that is totally normal, we must achieve balance. Is it right to continue spending money indefinitely, when other people are in true need? How many people could have been given life-saving drugs from the £200 million that will have been spent on the Saville inquiry? Such questions are awkward, but we must have them at the back of our mind. I am glad to see that Members present agree.

I end not on a gloomy note but on a positive one that underlines what enormous progress has been made in Northern Ireland in recent years. The first major report of the Select Committee under my chairmanship was on organised crime, and it was unanimous. It is quite remarkable that people from various parties should be able to produce a unanimous report on organised crime. It was also remarkable that we launched it not in a Committee Room in Westminster, nor even in Belfast city hall, but in Armagh. That was considered quite a brave thing to do. We sat on the platform together, but ever-present, although not obtrusive, was a fairly massive police presence. That was in July 2006.

In October 2008, the Committee went to Crossmaglen, not in an escorted convoy but in a little bus. There was no protection as such. I addressed a meeting there of supporters of the family of the late Paul Quinn. The reason for the meeting was to consider one of the most despicable crimes in Northern Ireland in recent years. In a community that a few years ago would not necessarily have welcomed with open arms a Select Committee of the House of Commons from Westminster, we were greeted with enormous warmth and kindness, and we had an extremely positive meeting.

That is a measure of how far things have moved in recent years. To the political leaders who have made it possible, particularly the successive leaders of the party represented by my hon. Friend the Member for Upper Bann (David Simpson), we owe an enormous debt of gratitude. We need to assist Northern Ireland's political leaders as they come to the final decisions—it must be they who come to those decisions—about how to move on from the past, learn the lessons and be inspired by the bravery but not obsessed by the misery. If we have made a slight move this afternoon towards helping those in Northern Ireland do so, I shall be well content.

Question put and agreed to.

4.17 pm

Sitting adjourned.

Westminster Hall

Tuesday 20 January 2009

[JOHN CUMMINGS *in the Chair*]

Agriculture (South-West)

Motion made, and Question proposed, That the sitting be now adjourned.—*(Jane Kennedy.)*

9.30 am

Mr. David Heath (Somerton and Frome) (LD): I welcome you to the Chair, Mr. Cummings, and thank you for finding the time to be here for our debate on the important subject of agriculture in the south-west. We must use this rare opportunity to discuss agriculture in Westminster Hall because debate on agriculture in the main Chamber has been almost extinguished. It is hard to remember the occasions on which we have talked about one of our major industries in the Chamber proper. I believe that there was a debate in July 2007, but that was on an estimates day on a Select Committee report. Before that, it was December 2002. Therefore, we are talking about seven years without a debate on agriculture in Government time in the Parliament of the United Kingdom. I find that quite extraordinary, not least because in the dim and distant past, when I was a spokesman on agriculture for my party, we seemed to talk about nothing else, but that was at a time of major political crisis due to the existence of various cattle diseases.

I want to cover a range of topics, none of which I will go into in any great depth. I hope that other colleagues will have the opportunity to do so. It is often the case that when I talk to farmers in my constituency, most of whom are dairy farmers—dairy is the predominant sector there—the main thing that they want to talk about, with good reason, is the weather. Last year, the weather was a significant factor in farming. It was the wettest harvest in living memory. Over the past few weeks, Somerset has had flash floods, one of which sadly took away my car in the process, about which I feel rather sore.

When farmers are not talking about the weather, they are talking about prices. Last year saw a small improvement in the general state of farm incomes in the south-west, which is very good news. None the less, it masks a deeper problem, which I will come on to in a moment. One of the difficulties is price volatility. Over the past year, wheat and cereal prices have yo-yoed. There has been a vast range of prices. They went up massively in the early part of the year and then plummeted towards the end of it. Was that because of weather conditions, the state of the harvest, or the agriculture industry? No, it was because speculators were playing the commodity market and distorting the realities of what is the genuine position of the state of production.

Mr. James Gray (North Wiltshire) (Con): I do not believe that so-called speculators on the commodity farming markets—I used to be a managing director of a company that was involved in such work—can affect prices in such a way. If they did, the realities would come back and bite them very quickly. Such people provide the liquidity for farmers and producers to avoid unpredictable moves in prices. We should not blame the speculators.

Mr. Heath: That is the hon. Gentleman's view, but it will not necessarily be shared by many in the agriculture industry.

At the time, people said that biofuels were the reason why wheat prices suddenly escalated at such a fast rate. If that was the case, why on earth did we have a crash towards the end of the year when the price of wheat fell precipitately? It does not make sense unless we look at the actions of the market.

At the same time, we have had an increase in the price of milk—until very recently—and livestock. On the face of it, that is very good news for the producer. However, if we look at the other side of the equation—the input side—we can see that the costs have been very much inflated. Costs of feed, fertiliser and fuel are still higher than they were a year ago.

Farming generally has still been able to attract credit. That has been of great value to people running farm businesses. Up until now, they have been able to maintain their cash flow. At the same time—perhaps inevitably—we have had an increase in debt in the farming sector. Although that suggests that the farming industry is fairly healthy and that people are making investments, it also raises concerns about vulnerability in the future. The average dairy farm has a borrowing of about £210,000. That is sustainable only if the income is maintained, but it is not if credit lines cease and income is not maintained. I have a particular concern about tenant farmers. They do not always find the banks quite as sympathetic as those who are owners of their land.

I am concerned that we do not have sustainability in all senses of the word and stability, and that we still have degrees of volatility in the markets, which is evidenced by the fact that milk prices were cut by up to 2p a litre at the beginning of the year. That is not as a consequence of the market conditions, because there is still under-production of milk in this country, and the exchange rate for sterling against the euro is favourable. Therefore, under a free-market system, milk prices should be at a sustainably higher level. That begs the question about the fundamental relationship between the producer, the supermarkets and retailers, and the processors, which are squeezed in between.

Mr. David Drew (Stroud) (Lab/Co-op): I will pre-empt the hon. Member for St. Ives (Andrew George) and say that we need an ombudsman. An arbiter should examine the inadequacies of the milk market, and the pig market, and I was pleased to be involved with the report published by the Select Committee on Environment, Food and Rural Affairs last week.

Mr. Heath: The hon. Gentleman will discover later in my comments—if he does not know already—that I agree with him. I will come on to that very subject.

Mr. Jeremy Browne (Taunton) (LD): Will my hon. Friend touch on my concern that the middle organisations—those that buy the milk from the farmers and sell it on to the supermarkets and other retailers—have huge contractual advantages over the farmers that amount to restrictive practices? Such advantages include the

[Mr. Jeremy Browne]

ability to change the price mid-contract. Does that not need to be examined because all the power in that relationship is held by the middle men—the marketing organisations—and very little by the farmers themselves?

Mr. Heath: I agree with my hon. Friend up to a point. We need to look at the whole chain of supply—I am trying not to pre-empt myself by saying something that I intend to say later—because the processors are often caught in exactly the same difficulty as the primary producers in their relationship with the retailers. The real strength in the commercial relationship lies with the retailers and the oligopoly that the major supermarkets constitute in this country. I shall come back to that.

Andrew George (St. Ives) (LD): My hon. Friend will say something about his position on this later, but because of the decoupled world in which farmers exist, they are much more market sensitive. He correctly identified a serious problem in the relationship between farmers and supermarkets, and nearly a year ago the Competition Commission recommended the establishment of an ombudsman. However, the fear is that that proposal would involve examining only the relationship between the supermarkets and the final supplier, not the relationship between the supermarkets and the primary producer. Does he agree that officials in the Department for Environment, Food and Rural Affairs and the Minister need to talk about that with their colleagues in the Department for Business, Enterprise and Regulatory Reform?

Mr. Heath: I entirely agree with my hon. Friend, who has done a lot of work on this matter and who has very much led the way—and I will give up waiting till later in my speech to say what I think about it. We had a Competition Commission inquiry before the one he mentioned, the 2001 voluntary code of conduct for supermarkets, and the new, tougher code of practice in 2008, which the Competition Commission supposed would have some statutory bite. However, the commission cannot create the post of ombudsman. We need to take the responsibility for setting up a regulator who will be able to regulate the whole supply chain effectively, and ensure that the relationships are fair and transparent, which they patently are not at the moment. Contracts are often very unfair to primary producers. I am not talking only about the producers whom I represent in the west country, but about those overseas—this is a domestic and international issue. The sooner the Government are prepared to accept and act on that recommendation and establish an ombudsman with teeth, who can deal with the iniquities of the food supply chain, the better.

There are some positive things. There is a great deal of innovation in farming and there has been a great deal of improvement in farming practice, which includes things that were not even thought of a few years ago, including direct supply and using the internet to create niche markets for fresh, quality produce. The question is whether some of those innovations will survive the general economic downturn. For example, evidence is already in of a downturn in the veggie box market—many of us happily receive those each week—partly because people have been encouraged to grow their own produce, which is a good thing, but predominantly because the downturn in disposable income means that people feel that they cannot afford to make such commitments, which is unfortunate.

I want to deal with a series of serious issues that are on the minds of farmers in the south-west, which relate mainly to a fundamental question. The south-west is one of the key agricultural areas in this country and, actually, in Europe. Do we want a sustainable, profitable and self-maintaining agricultural industry that is capable of feeding the people of this country in future, or are we prepared to see it chipped away, constantly under threat and, eventually—this is my great concern—exported overseas to those who will not have the same commitment and values, and who will not be able to produce to the same standards?

If my dairy farmers were here, the first thing that they would want to talk about is bovine tuberculosis—I say that at the risk of provoking an intervention from the hon. Member for Stroud (Mr. Drew), who I know has strong views on this matter. The position in the south-west is completely unacceptable. In the first nine months of 2008—these are the latest figures that I have—12,383 dairy cattle were culled, so perhaps 16,000 cattle were culled in 2008 because they tested positive for bovine TB. That is absolutely scandalous. In 10 years, 200,000 cattle, at a cost of £600 million, have been culled. Whether we are talking about animal welfare, the health of the industry, the awful effect that the problem has on farms where reactors appear, the consequences for farming families or the cost to the taxpayer, a quite extraordinary thing is being allowed to happen. We in the south-west feel the effects of the problem, because half of all the cattle culled are in our area. It is very serious. We are seeing the front of bovine TB advance 10 miles a year, which is significant.

I cannot believe that it is right simply to wait and hope that something will happen. I have heard all the arguments and looked at the scientific data, and I maintain that it is important to act, not only for the welfare of the cattle population, but for the welfare of the badger, if we consider wildlife vectors. I find it inexplicable that we allow this situation to continue, especially when I go to closed farms where there has been no movement of cattle on or off the premises, and reactors appear in a previously healthy herd. Some say, "It's all down to the farmers and how they move their cattle", but that is not so. We must get past that barrier and start to deal effectively with the problem.

Mr. Drew: The hon. Gentleman will not be surprised that I am intervening on this subject. A badger vaccine will almost certainly be available next year. Does he agree—hopefully the Minister is listening—that, at the very least, we should roll that out as a major programme to dampen down the disease for other forms of vaccination? The debate, "To cull or not to cull?" is sterile, and it will not find the answer, as the Bourne report demonstrates. We need to get on and do something, but the answer has to lie with vaccination and probably, in the long run, with vaccinating cattle.

Mr. Heath: Waiting for a vaccine for so many years is like waiting for Godot. The hon. Gentleman is right that we might be nearly there with vaccines. If we are, vaccination needs to take place quickly. We cannot take half measures because the matter is too important and has too big an impact on the agricultural lives of our constituents to be delayed.

Mr. James Paice (South-East Cambridgeshire) (Con): Even if a vaccine becomes available next year, which I think is extremely optimistic, it will be injectable. Will the hon. Gentleman stand with me behind the hon. Member for Stroud (Mr. Drew) when he catches his badger to inject it?

Mr. Heath: Badger wrestling is a minority sport in Somerset, but I do not doubt that it goes on in some places. The reality is that a lot of badgers are being killed, whether we like it or not.

Whether that is legal or illegal, it is happening, and the sooner we find an effective, operable and practicable way to deal with the disease, the better.

Several hon. Members *rose*—

Mr. Heath: I want to move on to nitrate vulnerable zones, but hon. Members want to intervene. I give way to the Minister.

The Minister of State, Department for Environment, Food and Rural Affairs (Jane Kennedy): This is a point of great interest to me. I was listening carefully, but I may have missed it. Would the hon. Gentleman have allowed the licensing of culling? He talks about finding effective measures to deal with disease. Can he bring any other measures to the table for us to consider?

Mr. Heath: The Minister has not been long in her post, so she will not have heard me say on a number of occasions that a targeted cull was the right thing to do and that it should have been done a long time ago, before bovine tuberculosis reached its present, almost endemic proportions. That has long been my view. It was in the interests of the badger population as well as the cattle population, and it would certainly have saved an awful lot of misery in a lot of places.

On nitrate vulnerable zones, I simply observe that after the massive expansion—although, of course, I have nothing against proper environmental controls—I wonder whether the scale of the enterprise is not having a deleterious effect on agriculture. Some 22,000 agricultural holdings are affected. The cost for a dairy farmer—an average of £50,000 a farm in cattle costs—is not insignificant. It may be a factor causing some dairy farmers to feel that enough is enough. I do not believe that we can afford to lose many more dairy farms. The herd has contracted and the number of holdings and of people working farms has decreased to the point where we are moving towards an unsustainable industry. That worries me, which is why we need to consider the matter carefully.

The sheep sector is not a big factor in my constituency, but there are concerns about electronic identification. I know how much electronic identification will cost, but the Department must answer the question of what it is supposed to achieve. Is it a reasonable and practical solution to the problems of traceability? I certainly understand the implications for responding to epidemics, but I, like a lot of people in the industry, am not convinced that it is a sensible way of dealing with the problem. Many people feel not only that the costs exceed the effectiveness but that the effectiveness is likely to be limited in any case because of the practical difficulties. Given his constituency, I am sure that my hon. Friend the Member for Brecon and Radnorshire (Mr. Williams) knows an awful lot more about sheep farming than me, so I shall not pretend to be an expert.

Nor shall I pretend to be an expert on the pig sector, although I have the distinction of having once been a pig breeder, albeit on a very small scale; I do not think four breeding Tamworth sows amount to a major agricultural undertaking. I have a great affection for pigs, which are wonderful creatures. I support the appropriately named hon. Member for South Norfolk (Mr. Bacon) and his Bill, which he introduced earlier this Session and which I was happy to co-sponsor, on food origin labelling. I am convinced that that is a big factor in the profitability of the pig sector and British pig products' ability to compete effectively with imports.

We have extremely high welfare standards for our pigs. Thank goodness for that; it is something of which we should be proud and on which we, as a country, have taken the lead. If any domestic creature deserves proper welfare standards, it is the pig, which is almost the most intelligent of all four-legged animals—and of some two-legged ones—and a great delight. Given that we have such high welfare standards for pigs, we ought to let the consumer know that and not allow our excellent pig products, which are produced on welfare-friendly farms, to be undercut by those that do not conform to the same standards. It is long overdue, and it is time that we did something about it.

Mr. Jeremy Browne: I endorse what my hon. Friend is saying. A few months ago, I visited a pig farm in Thornfalcon in my constituency, and I was extremely impressed by the welfare standards maintained there. The farm also used two slaughterhouses in my constituency, so the pigs were taken only a short distance to slaughter. I urge the Minister to take on board that it is absolutely right that consumers buying pork products should know the difference between that sort of production technique and the mass production techniques that often take place, with lower welfare standards, in other countries.

Mr. Heath: My hon. Friend is absolutely right. Thornfalcon is only two or three miles from my constituency, and I am pleased that he has had the opportunity to visit a pig farm there. We should be trumpeting from the rooftops what excellent standards of pig production we have in this country. If we can get good standards on farms, local abattoirs and local sale—supermarkets should be persuaded to feature local produce, and the growth of farm shops is a significant factor in our part of the world, as in many others—we would have a much healthier industry to look forward to.

I want to deal with a couple more matters before I give others the opportunity to participate. The first is set-aside, which is a difficult issue. It was a way to reduce production, and then it became a good in itself, because of its environmental benefits. Set-aside has now ended, and a sort of son of set-aside is being developed. However, instead of being developed for the right reasons, it is being developed haphazardly and supplanting environmental stewardship schemes, which

[Mr. Heath]

are surely the right way—identifying good environmental practice on farms and paying premiums for good stewardship—rather than adventitious growth or retention of set-aside land that may be valuable for cereal production.

I am concerned that the south-west as a region still imports a significant amount of cereal foodstuffs and straw, which does not seem environmentally sensible. Wildlife and habitat concerns aside, it does not make sense to bring in heavy goods from outside the region to maintain livestock, when we can produce them ourselves on land within the region. There is an equation that the Department has not yet figured out and that it would do well to consider.

Mr. Drew: I thank the hon. Gentleman for giving way once more; he is being generous. Does he agree that one of the uses for such land is community agriculture? Some people wish to keep their own animals or grow their own food. If that land could be leased to them, we would be more self-sufficient and could increase production sustainably. That seems a sensible way to go forward.

Mr. Heath: There is a lot in what the hon. Gentleman has said about community land, but I am not sure that I understand why it should be on set-aside land. When I was a county councillor many years ago, one of the great issues in Somerset was the county farms estate. Our predecessors tried to dispose of it en bloc, and we saved it. Since then, it has become much more difficult to maintain a viable county farms estate, but the principle behind it was a good one, because it allowed entrance into farming.

As the hon. Gentleman has said, even on a smaller scale, giving people access to produce on land is an excellent idea. However, I am not sure that I buy the thought that set-aside land should be used for that, as by definition it is not set aside after it has been brought into productive use. I will consider that suggestion further.

As the Minister knows, organics have suffered a terrible downturn in the past year or so, perhaps inevitably. I think that we are getting ourselves into a muddle on organics. A lot of people were encouraged to go into organics to obtain a premium on their products, a premium that has evaporated or is beginning to evaporate. I cannot see that the answer to that problem is to change the definition of "organics", as some would argue. That is a self-defeating objective. Furthermore, I cannot believe that the answer is to import organically produced feedstuffs from the other side of the world to ensure that the whole scheme is productive. In environmental terms and in terms of the principles that underpin the organic movement, that also seems to be absolute nonsense. I do not have any answers to that problem. I simply point out that we have got ourselves into a terrible muddle on organics, at least in the short term.

I now want to address the issue of water. I mentioned flooding earlier, which is an issue that the Department ought to be looking at very seriously and putting its two halves together, as it were—those officials that are concerned with flooding and those that are concerned with agriculture. I am convinced that one of the major undertakings that we should address in the next few years, particularly in the west country and particularly in the Somerset levels, which is an area that I represent, is whole-river catchment management schemes. They involve setting aside water retention areas on agricultural land, where that is the most effective use of that land, and paying the price for that land, thereby allowing farmers to farm water, if that is the sensible thing to do in order to preserve our communities and prevent flooding further downstream. We need to address that issue in a much more urgent and holistic way. Such schemes are a real opportunity to do something for urban and village communities that suffer from flooding and at the same time to provide a basic income for farmers on land that otherwise may not be desperately productive.

I have raised my final point, which concerns bees, on a number of occasions without receiving satisfactory answers from the Department. I am very worried about bees, pollinators, the potential decline in the bee population in this country and the various diseases that are afflicting the bee population at the moment. I say absolutely bluntly that unless we do something about that problem before it gets any worse, there will be catastrophic economic consequences in the world of horticulture and agriculture, because we will lose a significant part of the pollinator population. It does not need a genius to work out that a small amount of investment in research now may reap enormous economic benefits, if it can prevent the sort of colony loss that we have seen elsewhere in the world. I implore the Minister to take that issue seriously and to do something about it as a matter of urgency.

I have taken half an hour on a canter across a wide range of aspects of farming in the south-west, but I return to the point that I started with. I just want to see a healthy farming industry in the west country. We have all the natural attributes that make that aim a possibility—indeed, it should be a necessity. We have the land, the climate and the people, and we should be feeding the nation. However, to do that we must have the right structures in government and in economics to make farming in the south-west work. As I have said, despite a very small improvement in the fortunes of some farms in the past year, I am not yet convinced that we have the sustainability and protection for good practice in this country that are needed to maintain farm incomes. I believe that some of the suggestions that I have made today will help that process, and I am interested to hear the Minister's comments.

10.4 am

Mr. James Gray (North Wiltshire) (Con): First, I congratulate the hon. Member for Somerton and Frome (Mr. Heath) on securing this extremely important debate. I also want to say something that does not come very easily to me; I agree with virtually everything that he has said, both in general terms and with regard to the number of constituency issues and particular matters that he has taken the opportunity to raise.

I will not repeat the issues that the hon. Gentleman has raised, but it is perhaps worth recognising that I agree with so much of what he said on a number of very detailed areas, not least bees and bumble bees. There is a very interesting point, which the Minister might like to contemplate, about the linkage between bees, bumble bees, hedgehogs and badgers. There is a distinct ecological linkage there, which needs some further exploration.

This debate offers us the opportunity to do more than just take a moment to contemplate constituency issues and other detailed matters. It could form quite an important part of a much broader philosophical discussion, which we in this country, this Parliament and indeed this world ought to be having right now. I am very glad that the Environment, Food and Rural Affairs Committee, on which I have the honour to serve, has recently launched a heavyweight and important investigation into food and the way in which we, and indeed the world, are going to feed ourselves over the next 20, 30 or 40 years. In a moment, I will say precisely why I think that that debate is so important.

The south-west plays an incredibly important role within the UK in agricultural terms, as the hon. Member for Somerton and Frome has mentioned. We have something like 1.77 million hectares of enclosed agricultural land in the south-west, which is an extraordinarily large quantity. In the south-west, 3 per cent. of our population is involved in agriculture, as opposed to only 1.4 per cent. elsewhere in England. We are one of the biggest areas in terms of dairy and beef production—a third of all of England's dairy farmers are in the south-west. Of course, towards the east of the region, in my part of the world in Wiltshire, we also have significant arable production, so we have a significant contribution to make to the agricultural production of England. Therefore, we in the south-west have a locus to speak about a much wider issue—we have a locus to speak for farmers and agriculture across England—and I do not feel embarrassed about doing so.

It seems to me that the EFRA Committee and this morning's debate must focus on what the world will look like in the next 30 or 40 years. We all know that the present global population of 6.5 billion will rise to some 9 billion by 2040. The World Bank says that global demand for food will double by 2030. Some 852 million people in the world today are chronically hungry; 2 billion people in the world today do not have enough to eat; and 2,500 farmers in India alone committed suicide this year because they cannot grow anything.

The world is running out of water and collapsing through poverty. Diet is changing across the world, particularly in China, where people are giving up eating rice as they move into the middle classes and prosperity and increasingly they are moving towards eating beef and western-type foods. Of course, that will mean that we must produce a vastly greater amount of those foods than we do at the moment. Furthermore, our strategic food reserves in the world are at a historic low. The figure eludes me, but I think that the strategic food reserve available to the world today is 30 days, which is the lowest that it has been for very many years indeed. In other words, it seems to me that, looking forward over the next 20 or 30 years, we are facing a massive food crisis that will affect all of us.

Of course, there is a read-across from food into other areas, such as climate change, which is another hugely important issue, the difference between east and west and the clash, if there is one, between ourselves and Islam. Those issues all interrelate and we should address them all holistically. I hope that the EFRA Committee will do so and that we will do so in this debate.

John Cummings (in the Chair) *indicated assent.*

Mr. Gray: I notice, Mr. Cummings, that you are nodding. You are quite right in suggesting that we must focus entirely on the south-west and not range too widely. However, I merely made those few remarks as background information to what I am about to say with regard to farming in the south-west.

The counterbalancing aspect to those concerns about global food production must be our concerns about the environment. Of course, the change in the common agricultural policy in the past few years has increasingly been a move from subsidy for production, which came in after the war so that we could maximise the amount of food that we produced, to concern about the environment. Most of us much welcome that development. In the south-west, we desperately need to preserve the landscape and the environment, which all of us who live there love—it is why we live there. We are a small island, and we cannot afford to waste any of it, so we must be acutely aware of our environment. For example, I think of the south-west regional spatial strategy, which is imposing vast quantities of houses across our agricultural land in the south-west and doing a variety of other untoward things. We must be aware of that strategy and fight against it.

If our farmers in the south-west have historically been doing environmentally degrading things, we should stop them, but I am not aware of farmers who do things that are agriculturally degrading to the environment. Farmers are the guardians of our landscape. They are the people who truly understand and care about our landscape, and their interests depend on our preserving the landscape and countryside as it has always been. I do not believe that what they do is environmentally degrading, but if it has been, they must change their practices.

The pendulum seems to have swung excessively far in one direction. After the last war, we were told that the CAP had been introduced to maximise production—we needed food and wanted to become self-sufficient, so we needed to grow as much as we could. Over the years, that has gradually changed until, a few years ago, the CAP changed and the pendulum swung in entirely the opposite direction. Now, all that we are talking about is the environment and preserving the greenery. Many of the issues that the hon. Member for Somerton and Frome mentioned in his excellent speech come into this. One thinks of the pesticides directive that was passed so ignominiously last week by the European Union. If it became law in this country, it would desolate our arable land and reduce our arable production by a significant quantity.

On arable land, I think of the 10 m grass verges around all the fields in my area. I enjoy them very much, because I can ride around them, but is it sensible to reduce arable production by that much? Incidentally, simply allowing grass to grow around the edges of our fields does not seem to be all that environmentally sensible. We might as well just grow weeds. Are butterflies more important than starving people in India? That is the balance that we have to think about.

The hon. Member for Somerton and Frome mentioned the debate that we have been having in the past few years about badgers and TB. In my area, we have been decimated by bovine TB. Most sensible observers recognise the link between bovine TB in wildlife and that in cows. The Secretary of State recently decided, for his own

[Mr. Gray]

reasons, to ignore the recommendations of the retiring chief scientific adviser to the Government, who recommended a cull of badgers. I strongly welcome the Environment, Food and Rural Affairs Committee report into bovine TB, which came to the conclusion that a large-scale cull of badgers, under certain conditions, had a role to play.

Mr. Drew *indicated dissent.*

Mr. Gray: That was the recommendation of the cross-party Select Committee, which included the hon. Gentleman, who is shaking his head like mad. The Secretary of State ignored its recommendation that a large-scale cull of badgers had a role to play in the south-west, and I regret that. It is as plain as the nose on one's face that there is a clear link between badgers and bovine TB. To pretend that there is not, for the love of the cuddly badger, is simply ignorant.

The same applies to the worrying fact that bovine TB seems to be spreading to the deer population. The over-population of deer in my area is extraordinarily worrying—they are absolutely everywhere. That appalling over-population is not good for the deer or for cattle. That is another area in which environmental concerns seem to outweigh concerns for agriculture.

I came across another example in my constituency this week, in which a farmer had, for personal reasons, lost his cattle breeding records from four or five years ago. DEFRA stepped in and confiscated 78 cattle passports, thereby telling the farmer that he needed to keep those cattle on his farm until they died and then bury them on the farm and that he was not allowed to sell them in any circumstances. He could not bring other cows in or do anything, and it effectively put him out of business. Only under pressure from me did DEFRA, or the Rural Payments Agency at least, agree that it had the cows' details and could therefore recreate the records from scratch, thereby allowing the farmer to go back into business. But, my goodness, what a situation to have—because a farmer did not have some bits of paper, he would have been put out of business had it not been for his MP's intervention. That is another example in which political correctness, or environmental sensibilities have overweighed what we ought to be doing, which is growing food.

The whole issue of nitrate-vulnerable zones, which the hon. Member for Somerton and Frome has correctly mentioned, could have a devastating effect on dairy farms, if it is allowed to run its course. Another issue is the electronic identification for sheep, which could be devastating for sheep farmers. We have been told by DEFRA that 5 per cent. of our arable land is to be managed environmentally. That is another 5 per cent. of arable land that might well disappear from useful production. In all these areas, and in so many others, we as a nation, and we as a world, have to think about what we seek to do with our countryside in the south-west.

Of course, there is no question but that we must preserve the environment. I am not one of those who says, "Scrub the environment, let's get on with making food." However, as we look forward strategically, over the next 40 or 50 years, surely it is right to acknowledge that half the world is starving, that half the world is short of water and that those issues are going to get worse rather than better. With the current economic and world situation in which we find ourselves, including the issues in Pakistan, India and elsewhere across the middle east, those are catastrophes waiting to happen. Here in the UK, including in the south-west, we can make a contribution to avoiding the worst downsides of some of those catastrophes by maximising the amount of food that we produce. We have to find ways not to put farmers out of business or to put things right so that the environmentalists are happy, but to balance the two sides. The south-west is a beautiful environment, and of course we must preserve it, but at the same time, for goodness' sake, let us find a way of maximising our agricultural production.

10.16 am

Mr. Roger Williams (Brecon and Radnorshire) (LD): It is a great pleasure to take part in this debate. Let me start by putting on the record my interest in agriculture, as set out in the Register of Members' Interests.

I congratulate my hon. Friend the Member for Somerton and Frome (Mr. Heath) on securing the debate. He is a champion of agriculture, particularly in the south-west, and is very knowledgeable about it. He also has great sympathy with it, and that came over in his contribution.

South-west England is a large and productive agricultural area, which is important to Britain, Europe and the rest of the world. It has about 1.8 million hectares, which is roughly 20 per cent. of the agricultural land in England, but because of its productivity, its importance to agriculture is disproportionate. If one looks through the statistics, one sees that the number of agricultural holdings in the south-west has increased. One would think that that did not make sense, but the detail shows that while many farms are coming together to form bigger holdings, others are being broken down into smallholdings and lifestyle businesses. That is the way that agriculture is going.

Mr. Paice: The hon. Gentleman is statistically correct to say that there are more agricultural smallholdings, but there is a direct relationship to the fact that after the mid-term review, the Government started allowing pony paddocks and other enterprises to be registered as agricultural holdings in order to claim very small sums of money. I do not think that the number represents any more serious farmers.

Mr. Williams: The hon. Gentleman makes an important point, and perhaps we will have the opportunity to talk about such issues, and the Rural Payments Agency, later. However, in our area and in others in the UK, I have witnessed the practice of holdings selling small pieces of land, perhaps to recapitalise the main business, after which there are separate holdings on that land. That is a minor point, though, which I do not want to pursue.

My hon. Friend raised a number of important issues. The one that catches most directly the emotion of farmers across Britain, but particularly in the south-west, is bovine TB. There was disappointment that the Secretary of State, having taken account of the Select Committee report, decided not to pursue any further investigation into the possibility of using culling to contribute to the control of bovine TB. I have never believed that the slaughter of badgers would be the key issue that would eradicate bovine TB in this country. However, along with vaccination and better biosecurity on farms, it has a role to play. I have certainly not said that any such avenues of progress should be ignored. I think that the hon. Member for Stroud (Mr. Drew) said that a badger vaccine might be available in the near future. I was interested to hear that, because it has been on the horizon a number of times but has never actually appeared. Will the Minister report on any advances in finding a vaccination and say whether she has found any way in which we can increase the speed of development, because such a vaccine has a part to play?

The available information increasingly indicates that the proactive culling of badgers leads to a reduction in breakouts on farms and, indeed, reduces the number of cattle that have to be slaughtered because they are reactors. Such studies are ongoing and follow the work of Professors Krebs and Bourne in looking at areas in which proactive culling has taken place. There have been real improvements in relation to that, and the Minister must take into account the information that is building up, because it shows that the slaughter of badgers could have a part to play.

The report that has been referred to advocated a further, larger-scale slaughter of badgers to test Professor King's hypothesis that that would make a difference. It is still within the Minister's compass to revisit that decision and see whether something can be done. I do not believe that any hon. Member would say that we should have a large-scale licensed cull of badgers throughout the UK, but we need to continue the work that has been done and build on that knowledge to see whether progress can be made. The geographical make-up of the south-west means that such a pilot scheme could take place there.

My hon. Friend paid due regard to dairying as an important part of agriculture in the south-west. There has been an increase in milk prices, but more recently there has also been a slight decrease. However, farmers are continuing to exit the dairy industry, and young people do not see the purpose of investing their finances, time and effort into dairying as a career, because there has been such a long and protracted downturn in the industry. There has not only been a reduction in the number of dairy farmers, but in milk production. That is particularly worrying for the future of agriculture and the future of young people in agriculture.

My hon. Friend also mentioned nitrate vulnerable zones, which is an issue that weighs heavily on dairy farmers. One can argue about whether the more recent proposals were proportionate in terms of how much they improve the quality of water, but the Minister could go to her Treasury friends now and see whether the tax allowance on agricultural buildings could be reintroduced. The great investment that people have to make in their holding could be mitigated to a certain extent, if they had tax allowances on the big capital investments that they are required to make. Indeed, in some European countries, capital grants are made available for farmers to invest in the infrastructure needed to deal with the effects of nitrate vulnerable zones.

A number of hon. Members have mentioned the proposals by the Competition Commission to have an ombudsman for the grocery trade not only for farmers, but for other small producers who supply large retailers. That issue is much broader than agriculture but it is important none the less. The recommendation has been made and the Minister has a role to play in talking to her Government and Cabinet colleagues to see how it can be progressed. Recent research by an academic from Cardiff university indicated that the net cost of the proposal could be as little as £6 million. That is minute in terms of the total financial turnover of the supermarkets. It is interesting that some supermarkets seem to oppose the idea of having an ombudsman, but others, who we perceive as being more benign in their relationship to primary producers, welcome it, because they believe there would be fewer adverse referrals of their behaviour compared with some of the more aggressive supermarkets.

I shall quickly discuss one or two other topics. A number of hon. Members have raised the issue of pesticides and the European Union decision. Following the vote in the European Parliament, it appears that Ministers in this country have said that they will not pursue the matter as vigorously as some of us would wish. There is undoubtedly evidence that if the matter were pursued in detail, the end consequences would be a large-scale reduction in arable production in this country—particularly of crops such as carrots and parsnips, which depend upon specific chemicals. I urge the Minister to be active in ensuring that if the regulations have to be introduced, the needs of horticultural production in this country are taken into account. If the regulations have to be introduced, it should be done over a long period, so that alternative products can be brought in.

Agriculture is often almost inexplicably contra-cyclical to the economy at large. At a time when the economy is on the downturn, agriculture is relatively buoyant because commodity prices are higher, the exchange rate is advantageous to agricultural exports and interest rates are lower. We have already heard that the average dairy farmer probably has borrowings of about £200,000, so a reduction in interest rates—particularly if it is passed on by the banks—is of advantage to that and other agricultural sectors. I urge the Minister and other agriculture Ministers regularly to meet the major banks in this country to ensure that the interest rate cuts are passed on. Although agriculture is going through a relatively benign period, it does not mean that the Minister can sit back and relax. Indeed, there is a real opportunity to work with those in the agricultural industry to ensure that they can use the skills and resources available—particularly in the west country, where we know the industry is so productive—to produce food.

The hon. Member for North Wiltshire (Mr. Gray) mentioned the inquiry of the Environment, Food and Rural Affairs Committee, on which we both sit. The terms of that inquiry relate to securing food supplies, not food security—there is a difference between those two approaches. World pressures—I will not stray too far down that line—mean that Britain has a duty and a role to play in not only supplying Britain but the greater world with food. We do not want some great five or 10-year plan from DEFRA, but we want encouragement and to ensure that regulation is kept to a minimum. That will allow farmers who have both the energy and the enterprise to produce food of a high standard and in an economical way to go forward and carry out that purpose. When sustainability became an in-topic, we were told to think globally and act locally, and that is what agriculture has the opportunity to do in the south-west, if it has the support of DEFRA Ministers.

10.29 am

Mr. James Paice (South-East Cambridgeshire) (Con): I, like the hon. Member for Brecon and Radnorshire (Mr. Williams), remind the Chamber of my declaration in the Register of Members' Interests, and I congratulate the hon. Member for Somerton and Frome (Mr. Heath) on achieving the debate. I, too, was going to refer to the fact that it is a very long time since we had had any debate in Government time about agriculture. A few Opposition day debates have taken place more recently than the debates to which the hon. Gentleman referred, but, of course, they were not in Government time, and that is a great shame. I draw a contrast with the subject of fisheries, which is dealt with by the same Department, the Department for Environment, Food and Rural Affairs, and on which we have an annual debate, around the time of the annual Fisheries Council just before Christmas. We should at least achieve something similar for agriculture. We had the health check decisions only six weeks ago and there was no debate about them, yet they have a much more profound impact on agriculture than any Fisheries Council meeting has on the fishing industry, important as it is.

The hon. Gentleman made a number of points about farming in the south-west, most of which I identify with. I shall not try to go through all of them, because there are one or two other points to make, but I shall start with the most important issue, bovine TB. I am sorry that the hon. Member for Stroud (Mr. Drew) has left the Chamber, not because I agree with him, as, generally, I do not on this issue, but because I know that he takes a close interest in it. There is no logic in continuing, year after year, to slaughter increasing numbers of cattle without addressing some fundamental problems. We cannot go on the way we are; the cost to the taxpayer is increasing year on year, and every time it goes up, the Government look at ways of paring the costs, and they do. We have seen it happen with compensation payments, because the Government have had to cut back to save money owing to the increase in the total cost of compensation. The Government are appealing against the Partridge case, in which the court held that the Government were wrong not to pay more money for the high-value, pedigree animals that were the subject of the case. We await the outcome of the appeal, but it could have further cost implications for the Government.

Hon. Members described how the incidence of bovine TB is getting worse year on year. The animal health section of what DEFRA calls its west region—incorporating more than the south-west, because it includes Hereford, Worcester and Shropshire—states that in the first nine months of 2008, 17,300 cattle were slaughtered as reactors, compared with 15,500 during the whole preceding year. Projected to a full year, that shows an increase of about 30 per cent. in the west region, and we cannot go on like that. I, like hon. Members who have spoken, have never pretended or suggested that culling badgers is the only answer, because it is certainly not; however, I think that to pretend that it is not part of the necessary package of measures is akin to hiding one's head in the sand.

The Government should have accepted the Environment, Food and Rural Affairs Committee's recommendation, and they should also have used the opportunity to try to find a selective cull process. It is interesting that Professor King's thesis was not to eradicate all the badgers in a particular area; simply reducing their population density would reduce the disease's ability to survive in the long term, and that is very important. Those who accept, as I do, the need to cull badgers must make it clear that they are talking about not eliminating every badger area, but simply reducing the population to a level at which the disease cannot survive.

Mr. Gray: My hon. Friend is absolutely right. Professor King's thesis about the over-population of badgers is backed up by a direct correlation between a sharp increase in outbreaks of bovine TB in areas such as my constituency and a vast over-population of badgers—and of ill badgers. Every night, when I drive through my constituency, I see dead, dying and ill badgers on the road; they are incredibly common. I see more badgers than blackbirds. Badgers are everywhere. There is vast over-population and there are huge quantities of TB, and Professor King is absolutely right.

Mr. Paice: I am grateful to my hon. Friend. I must move on to other issues, but before I do, I shall make one other point about bovine TB.

I fully recognise that the right hon. Lady took up her post only recently and has not yet had a chance to make an impact on what I know she accepts is a serious issue; however, I am astonished by the way in which DEFRA and the Treasury work out their funding and, in particular, their public service agreements. It is astonishing that DEFRA's public service agreement with the Treasury, PSA 9, involves an incremental trend of 17.5 confirmed new incidents per annum. When I looked into what that meant, because, like a lot of these things, it is not easy to understand, I found that it meant that the rate of increase could rise annually by 17.5 confirmed new incidents. If, for example, there had been 250 confirmed new incidents in new parishes last year, and that is not far from the reality, this year there could be another 250—plus 17.5. In other words, the rate of increase could rise. Fortunately, the rate in reality is going the other way and the number of confirmed new incidents has declined over the past few years, for which we should all be pleased. However, it does not negate the fact that the PSA is absurd, and it is almost impossible to conceive of the Department failing to meet it. At the same time, there is the point that my hon. Friend the Member for North Wiltshire (Mr. Gray) made about the disease spreading at 10 or more miles a year, which brings me to a part of what I believe is an essential package: dramatically stepping up the testing process in what I have always called the frontier areas of the country—the areas into which the disease is moving—to try to identify and halt its progress, while addressing it in particular areas.

The hon. Member for Somerton and Frome spent some time discussing the dairy sector, because it is so important in the south-west, and he rightly said that that sector and, indeed, most of British agriculture is currently sheltered by the collapse in the value of sterling, primarily against the euro, but against other currencies, too. World commodity prices in the dairy industry have dropped by anything up to 50 per cent., and there has been a huge collapse in the price of skimmed milk and whole milk powders, and in the mild cheddar market. We are protected from that, but, as a result, I fear further price cuts, because, for other reasons, we hope that sterling's collapse will not last forever. It may well reverse and, indeed, there are indications that it is beginning to.

That brings me to the issue of the power of the supermarkets, with which I always associate the power of the producer because I think that they are opposite sides of the same equation. I shall not go into any more detail about the issue of an ombudsman, because other Members have made the point and I support the approach; however, we must look at the share of the retail price that the producer receives. I draw a comparison with Germany, where, over the past 10 years, the retail price of milk has risen gradually but the supermarkets' share has remained the same. Reports in this country indicate that while the retail price of milk has risen, the supermarkets' share has gone up far faster than the retail price, to the detriment of the producer. When I look at the reasons, I cannot help feeling that we arrive at the issue of the power of the producers, through co-operatives, farmer-owned businesses or wherever we want to call them, which are much more powerful in Germany than they are in this country.

Mr. Heath: The hon. Gentleman is absolutely right; the issue is about the power of the producer. However, that power is amplified not only by horizontal integration through co-operatives, but by vertical integration through links. Is that not also a failure of this country's structure—that we have such weak vertical integration?

Mr. Paice: The hon. Gentleman is absolutely right. Not every dairy producer likes the comment that I am about to make, but I have made it before: the industry is still paying the price for the immense security that it achieved under the milk marketing boards, which stultified both innovation and any need for the industry to become competitive. We are also paying the price for falling behind Europe in innovation and the development of new products. So many of the high-value dairy products on supermarket shelves are imported because we are years behind in innovation and highly efficient modern production techniques, although the situation is improving.

On the power of producers, it seems odd that although the EU is constantly striving to put its fingers into all sorts of areas of national life, we have completely uncommon approaches to competition law. This is not a debate about the future of Europe, but the Minister and I will be debating another issue this afternoon where it is ridiculous that the EU is getting involved. Not everybody is aware that Arla, the big Danish milk co-operative, commands in excess of 80 per cent. of production in Denmark. Nothing of the sort would be allowed in this country. Even New Zealand, which is held up as the epitome of the free market, has co-operatives with huge market shares that would be prevented by the Office of Fair Trading in this country. Much more work must be done in that area.

I will mention quickly a couple of issues before giving the Minister plenty of time to respond. The hon. Member for Somerton and Frome mentioned the important issue of food labelling. I am relieved and pleased that the Minister and the Secretary of State have come round to recognising the strength of the argument. I was astonished at the Secretary of State's speech on the subject at the Oxford farming conference because for years DEFRA has resisted any effort by the Opposition and individual hon. Members to address the issue. I hope that the conversion of DEFRA Ministers will lead to action.

As has been said, my hon. Friend the Member for South Norfolk (Mr. Bacon) is reintroducing the Food Labelling Bill that has already been blocked four times by this Government. I hope that they will give it a fair wind and that we can have the legislation on honest labelling about the country of origin that we need. If the Government block the Bill again, it will demonstrate the vacuousness of the Secretary of State's remarks last week in Oxford.

The issue of set-aside has been raised. I strongly support environmental measures in agriculture, but we have become too committed to the regulatory approach. I fear that that is down to the attitude of Natural England. Set-aside produced environmental gains by accident. It was not the intention. It is important that those gains are retained. However, it would be far better to do so through encouragement and stimulus such as the entry-level stewardship, than through the threat of a stick if a certain percentage of land is not set aside, as the Government are suggesting.

Nitrate vulnerable zones make a nonsense of the concept of regulation. Four national muck-spreading days are laid down in statute. Regardless of the weather, the land the slope and so no, muck-spreading must be done on the allotted day and not on the day before, even if the weather is more propitious. That is absurd. The Government should have done a far better job of getting derogations in Europe. I accept that the measure is based on the nitrates directive, but in my view that is obsolete and should be updated as soon as possible and the changes backed up with modern science.

Finally, I endorse what has been said on pesticides legislation. I credit the Secretary of State, who has been robust in his comments on the subject in this country. We are not privy to his comments in Europe. However, I exhort the Minister to ensure that DEFRA seeks every opportunity to mitigate the impact of that legislation on British agriculture. The impact would be devastating for all specialist crops, such as field-scale vegetables and salads, and for mainstream arable crops. That would be bad for the south-west, for British farming and for the British consumer. The biggest absurdity is that it would still be legal to import products produced using those chemicals from outside the EU. That drives a coach and horses through the whole enterprise. I urge the Secretary of State and the Minister to maintain their robust approach.

This has been a useful debate and I share the view that we should have more debates on the subject. It would be beneficial to debate regional or national agriculture in the Chamber for a whole day.

10.45 am

The Minister of State, Department for Environment, Food and Rural Affairs (Jane Kennedy): I grew up not in the south-west, but in God's own country in the north-east. I lived in a small village outside Darlington that has sadly become a suburb. I shall explain why this is important to the south-west in a moment. It was surrounded by market gardens and by arable and dairy farms. My next-door neighbour raised Labradors as a hobby so we

[Jane Kennedy]

would occasionally visit the large Winyard estate on Teesside. My happiest childhood days were in the summer months, when the sun always seemed to shine. We would cross neighbouring farmland dressed in T-shirts, shorts and wellies with at least four Labradors who, for a bit of extra excitement, would occasionally set up a rabbit. I must add that they never caught them. That is one reason why it was such a great joy to be invited by the Prime Minister to serve as the Minister with responsibility for agriculture in this House. The post allows me to get involved in issues of intense personal interest.

Having listened to this debate, I understand that these issues are of immense interest to hon. Members who represent rural constituencies. I compliment the hon. Member for Somerton and Frome (Mr. Heath) on securing the debate. He and the hon. Member for South-East Cambridgeshire (Mr. Paice) among others have drawn attention to the lack of debate on such matters in Government time. We now have time that can be allocated to such debates. There will be a debate in Government time on food on 29 January. I am happy to make representations through the usual channels that more Government time be provided to discuss agriculture.

My able predecessor, Lord Rooker, brought to the job not only a tremendous level of experience, having served in the post for a number of years, but a depth of understanding for and empathy with farmers, which was much appreciated. Having a Minister responsible for this policy area in this House means that we will have more opportunity to debate these issues. I will make such representations to my good friends in the Whips Office.

At the outset, I acknowledge the essential job that farmers in the south-west do for us all. They have a strong tradition of producing quality food that we all enjoy. I accept that they often work under difficult conditions. The hon. Member for Somerton and Frome began by commenting on the weather. I know that last year's harvest was particularly difficult with about twice the normal level of rainfall in the region. He alluded to the serious flooding in October and December. He may know that a small Environment Agency project is underway to gauge the extent of the problem and to discover how changing the management of agricultural land could control run-off when there is heavy rainfall. If he does not know about that, I can provide him with details after the debate.

But it is not all bad news. Despite the poor weather, we estimate that wheat and barley production in the region have increased by almost one quarter, to 1.4 million and 611,000 tonnes respectively. As the south-west has approximately 1.8 million cattle, half a million pigs and 3.2 million sheep, livestock diseases are a serious issue for the region.

Hon. Members have not touched on bluetongue, but the threat is still present. The Government and the core group of industry stakeholders still believe that mass vaccination is best and will be rapidly achieved through a voluntary approach. Farmers must continue to vaccinate. Significant quantities of vaccine are still available, but, as I said at oral questions last week, farmers also need carefully to consider the risks and check the health and vaccination status of animals they buy from within the UK and from abroad.

I accept that bovine tuberculosis is a serious problem for farmers in the south-west. I take the matter seriously and am committed to tackling the disease. Soon after coming into the Department, I asked that among the visits to farmers and the farming community that were being discussed for me, at the very earliest opportunity I be given a chance to meet farmers who have been affected by the disease. Consequently, my second visit was to the constituency of my hon. Friend the Member for Stroud (Mr. Drew), who has left the Chamber, at which time I had the opportunity to listen to a group of farmers from mixed backgrounds, both tenant farmers and farm owners, who described the impact of the disease on them and their businesses.

Mr. Heath: I am glad that the right hon. Lady is speaking directly to farmers who are affected. May I suggest that it might be a good idea to reinstate what was a matter of practice every year a few years ago, which was that agriculture Ministers attended the Royal Bath and West show? The Minister would have direct contact with a large number of dairy farmers who have been directly affected, and her presence would be appreciated. The practice seems to have gone out of fashion in recent years, but it could be usefully reinstated.

Jane Kennedy: I am interested in that invitation and shall ask my officials to get details about the show. I hope to visit the south-west soon. Given the distance, it would seem sensible to spend more than one day there, if parliamentary responsibilities allow it. We have discussed several issues this morning that affect the south-west in particular, so the visit would focus not only on the impact of bovine TB although that would be one of the focuses.

I realise that the decision taken by my right hon. Friend the Secretary of State not to allow the licensed culling of badgers is unpopular with many farmers. Hon. Members may disagree with it, but they will know that it was based on a wide range of factors, including scientific evidence, the practicalities of delivering a successful cull, discussions with farming, veterinary, wildlife and conservation groups, the conclusions of the independent scientific group on cattle TB, and the Environment, Food and Rural Affairs Committee report.

The Government do not deny the link between cattle and badgers. There is no denying that the badger species is susceptible to the disease and reacts to bovine TB. Measures in place that aim to reduce the spread and incidence of the disease include regular testing, zero tolerance of overdue tests and pre-movement testing.

I listened carefully to what the hon. Member for South-East Cambridgeshire said. I shall look again at the public service agreement targets to which he alluded. I understand the stark reality of the thousands, if not tens of thousands, of cattle that are being slaughtered, and the fact which farmers have pointed out to me on numerous occasions that some cattle do not actually have the disease but react to the tests. There is added grief for owners if perfectly healthy cattle have to be destroyed.

I would like to reassure the House that we continue to invest in ways to eradicate the disease: £20 million will be spent over the next three years on vaccine development, and the bovine TB eradication group was established in November. I want the Government and the industry to work together on eradicating the disease, and I am pleased with the positive engagement there has been with that group. It has agreed that it needs to consider different approaches for different areas. It wants to look at the spread of the disease at the edges of high-incidence areas, and the various drivers and risks, and seek to define the overall aims for each of those areas in order to focus its work programme.

Although a licensed cull of badgers has been ruled out, I seek to reassure colleagues that I very much want to encourage the eradication group, and that my mind is open to all the suggestions that might be made for finding solutions to this appalling disease.

Changing the arrangements for sharing the responsibilities and costs of animal health have been under consideration for some time and would be of enormous benefit to the south-west of England. We hope to consult in the near future on specific proposals.

The economic downturn is of concern to all of us, and farmers are no exception. However, we can assume that the demand for food will not be as volatile as for some other products, but the impact of recent financial shocks on personal pension plans may be a problem for some farmers. The National Farmers Union conducted a useful survey of some 400 of its members to assess the impact of the credit crunch and the availability of credit to farmers. It produced some encouraging results that bear out the comments of the hon. Member for Brecon and Radnorshire (Mr. Williams) that, counter-cyclically, farming and farmers are not as badly hit by the availability of credit. They appear to receive better treatment than other UK businesses when they seek credit.

Some other factors will help farmers. The reduction in the base rate will help all businesses by reducing the cost of borrowing, and farming stands well placed to benefit from that. The current exchange rate is good for exporters and increases all farmers' income from EU payments. The Rural Payments Agency is making good progress on completing its single payment scheme targets. I gave information about that last week at oral questions so will not reiterate it today.

I shall not go into detail on electronic identification, as we had a separate debate not that long ago on the subject. As the time remaining allows me to deal with only one other matter, I shall reserve it to touch quickly on food labelling.

However, the hon. Member for Somerton and Frome expressed his interest in and concern for bees. All that I will say now is that I hope that the Department will soon be in a position to make an announcement that will be of great encouragement to all those Members who have written to me expressing their concern about the decline in bee numbers. We need to be concerned about all pollinators, not just bees. Therefore, I hope that the imminent announcement will be welcomed by both sides of the House.

Labelling is one of the hottest topics to do with food at present. I am working hard with officials to see what we can do, given the constraints under which we have to work—constraints in respect of the free flow of imports across Europe with which we would all agree. However, there are things that we can do to improve labelling of country of origin. In particular, I hope that the pork industry will be encouraged by some announcements that I expect to be able to make very soon. They will bring forward benefits, perhaps not going quite as far as the hon. Member for South-East Cambridgeshire—

John Cummings (in the Chair): Order. We must move on to the next debate.

Local Press

11 am

John Cummings (in the Chair): I advise hon. Members that some seven people are trying to catch my eye and in order to give them all a fair chance, perhaps they could be brief.

Dr. Ashok Kumar (Middlesbrough, South and East Cleveland) (Lab): I want to put on record my thanks to Mr. Speaker for granting me this important debate. I am so happy to see so many hon. and right hon. Members in the Chamber, because this is an important issue. I shall try to be brief, but I have important issues to flag up regarding my area.

I am sure that all hon. and right hon. Members in the Chamber agree that a thriving local press is essential for a healthy democracy. We may not always agree with the views and opinions of the local paper serving our constituency, but most of us would regard local papers as representative of our communities and of their needs and aspirations. It is clear that this role is now under threat as never before.

Recently, the chief executive of one of my local newspapers described the situation as a "perfect storm" engulfing local press. The situation is now so severe that many titles may disappear unless corrective action is taken. So today, in this debate, I want to raise two important, simple matters. First, I will outline the pressures and threats facing local titles. Secondly, I will suggest some remedies that, with the co-operation of our Government, may provide some help for our local press to survive.

I shall say a few words on problems and causes. What has caused the current situation? First and foremost, it is the economic downturn. The headlines in the online magazine for the local press, "Hold the Front Page", illustrate the current situation effectively, and I shall provide a few quotations from a sample that I took last month: "Gutted reporters facing forced relocation"; "Yorkshire weekly closes—*Ripon Gazette* sister paper ceases publication"; "Reporters sacrifice pay to save colleagues—Journalists offer to reduce their hours to prevent redundancy"; "Brand new editor handed redundancy notice"; and "Daily newspaper to close after 25 years".

The area that I represent has not escaped these cutbacks. On Teesside, we are served by two excellent daily and evening local newspapers—*The Northern Echo*, based in Darlington, which is a regional paper, and the *Evening Gazette*, based in Middlesbrough. Both papers were founded in the heyday of Victorian provincial newspapers and have served our communities through war and peace, boom time and recession. I know that the reporters and editors on those papers are determined to continue doing just that for the coming century, but editors and managers on both titles have been forced to ask for redundancies and axe branch offices, which is a move that many journalists and I feel will affect story generation and sourcing for the worse.

The Northern Echo, has had to axe some of its sister "Advertiser" series and reduce editions, and the Middlesbrough *Evening Gazette* has asked for voluntary editorial redundancies. The same problem is affecting local free sheets, one of which—the *Cleveland Circuit*—nearly ceased production, but the heroic work of the couple who own and manage the paper rescued it and it is now appearing again on a regular basis and will, I hope, do so for a long time to come.

The economic downturn has not led to a circulation drop. Indeed, many people want to know how their region is fighting back. However, over a longer period there has been a steady loss of readership that cannot be ignored. The British provincial press has seen a 51 per cent. drop in circulation since 1989. Coupled with that, there has been a significant drop in advertising. Display advertising from the local high street is down as the retail crunch bites. The staples of local advertising have been adversely affected as people withdraw from the property market, recruitment is put on hold and car sales stagnate. The internet has also hit sections of the readership, and fewer younger readers are staying loyal to what the bloggers call the dead-end press.

There are other pressures, too. For instance, there is a serious and as yet hardly unreported threat of big increases in the price of newsprint paper. Yet the need for good, honest local reportage is greater than ever. Look at the alternatives. Local and regional TV is going under the axe and ITV is, to all intents and purposes, decimating its regional coverage, which has led to an outcry in the House but has seemingly been rubber-stamped by Ofcom. Instead, we will be left with very broad coverage of regional news.

Mark Williams (Ceredigion) (LD): I thank the hon. Gentleman for giving way and congratulate him on securing this important debate. The regions of England are well represented in the Chamber, and I am sure that hon. Members support the comments that the hon. Gentleman is making.

The hon. Gentleman's point about the ITV cutbacks resonates strongly in Wales, a country where plurality is all the more important, whether it comes from the local press, the national press or ITV. Does the hon. Gentleman agree—he is making the point strongly—that it is welcome when, for instance, the BBC cuts its local website proposals, because it allows the local press the opportunity to diversify and put their local newspapers online?

Dr. Kumar: I totally agree with the hon. Gentleman, who has made an important point about diversity. I am with him all the way.

David Taylor (North-West Leicestershire) (Lab/Co-op): My hon. Friend mentioned a moment or two ago the threat of the internet, but in many ways it is an opportunity. At the Society of Editors conference, it was suggested that local and regional newspapers should collaborate in the development of a search engine. That would not necessarily rival Google's 40 per cent. of advertising revenue, but something there is struggling to get out. My local paper, the *Leicester Mercury*, an excellent regional paper, has a website called "This is Leicestershire" that could do with development. A collaborative, alternative search engine might be helpful in maintaining the local and regional press, which we know is necessary in this country.

Dr. Kumar: All I can say to my hon. Friend is that I am sure that there is a lot of innovation in different parts of the country. However, I am only highlighting what is happening in my area. All sorts of new ideas have been tried, but the local press is still facing difficulties. Well done to the *Leicester Mercury* for the progress that it has made, but not everybody can do the same thing. I know that opportunities are there, but I am trying to highlight what is happening on my patch, because it is highly serious.

In my area, regional news means coverage from southern Scotland down to Scarborough compressed into about 20 minutes' airtime. Radio is little better, excepting licence-fee-paid BBC local radio. Now most independent local radio news coverage outside the BBC is little more than national agency feed from the Press Association read out over the airwaves.

As hon. Members have mentioned, we must not forget the internet. The internet was—admittedly, some years ago—seen as a new and free open house for local news and comment, but most local blogs and comment sites have become a means for those who merely shout the loudest to express their views. So we have a paradox: people want local news, but increasingly the only in-depth and reliable coverage comes from our existing local titles, which are currently under threat.

Bob Spink (Castle Point) (Ind): The hon. Gentleman has spoken about other media, and I agree with him. Will he go so far as to agree with me that without the local printed press, local democracy would not be able to continue as it exists today, which would be a great loss for our country? Also, has he seen that early-day motions 502 and 503, which were tabled last night, follow that theme?

Dr. Kumar: I have not seen the early-day motions, but that is the point that I am trying to make. In my area, some of the satellite offices of the *Evening Gazette* and *The Northern Echo* have been closed down. If offices close, stories that would have been picked up in the past will not be picked up. That is precisely why we need local media and local satellite offices, which help newspapers to keep stories local. I am glad that for once I agree with the hon. Gentleman.

Bob Spink: It happens more and more these days.

Dr. Kumar: Indeed.

I shall propose a couple of solutions, because it is no good my simply raising the issues. I am sure that my hon. Friend the Minister would like to hear some solutions and suggestions, and I hope that he will take them up. Can anything be done to prevent this dreadful situation from having devastating consequences for our local news? It is clear that there is a case for some form of rescue package for local papers that are struggling, but we have to ask what, in practical terms, can be done. Of course, the local press themselves must adapt to changing circumstances, as my hon. Friend the Member for North-West Leicestershire (David Taylor) has said. It needs to move away from a lazy reliance on simply inputting press releases from the local councils, the nearest big football club or local businesses.

Mr. Edward Vaizey (Wantage) (Con): Or MPs.

Dr. Kumar: Indeed. The business managers must show that they can adapt, attract new advertising streams and become relevant to young readers. However, even the most hard-headed and innovative business managers will need help, if they are to come through this difficult time. That was the point that I was trying to make to my hon. Friend the Member for North-West Leicestershire.

Mr. David Drew (Stroud) (Lab/Co-op): I thank my hon. Friend for being so generous about giving way. Will he accept that there is a paradox, inasmuch as many of the main groups that own our well loved titles are extremely profitable? They may be less profitable as a result of the credit crunch, but they have been extremely profitable. However, the people who report the news—the reporters—are paid abysmally. If one asks those who work in the newspaper industry or even in the spoken media, one finds that what they earn is appalling. In addition, people on work experience are increasingly used as a substitute for fully employed people, and there is virtually no apprenticeship scheme left. If there was investment in good journalism, would that not be the answer to many of the prayers about keeping the industry going?

Dr. Kumar: I have not asked my local journalists what they are paid, although I am sure that my hon. Friend is well informed. Now that he has raised the issue, I will ask them, and perhaps I will be able to deal with his comment.

There are small things that can be done, and perhaps a couple of big things. Let us take the small things first. The state, at both local and national level, is a big spender on advertising. Can we harness that advertising power, so that it helps both our local papers and our local communities? The Government recently announced a big cash boost to the work of the Department for Work and Pensions and the Jobcentre Plus network, so why not make part of that boost conditional on jobcentres booking space in the local papers in their area to advertise jobs and training courses? There is always a lag between new benefits or changes to benefits and take-up. Again, why not require the DWP to publicise such information in local papers, which have a much greater reach than any DWP information sheet or pamphlet?

The state—now that the state helping people is fashionable again—could help with training for journalists, too. We need to recognise that the newspaper industry has been a leader in the provision of in-service training and distance learning. That is provided by the National Council for the Training of Journalists—a body whose running costs are underwritten by the regional newspaper industry. However, I am told that that work needs to be enhanced to reflect multi-media convergence across the whole industry. That would help to deal with the consequences of the economic downturn, but it would mean higher costs. It is difficult to give precise figures for the cost of trainees in the first few years of their careers, but I am told by the Society of Editors that it could be £15,000 to £20,000. The pure training element need not be high, as newspapers increasingly take graduates who have paid for basic courses.

I come now to the big suggestions, and at this point two important words enter the debate—public money. We need to ask whether there is any reason why local newspapers should not compete with electronic broadcasters for financial support. Such newspapers provide the crucial public service of keeping a community informed about itself. I am well aware that this question is very

[Dr. Kumar]

sensitive in the local newspaper industry. Many editors and owners would once have dismissed it out of hand, because they were concerned that strings might be attached to a requirement to produce so-called public service content. Some would have seen that as a threat to editorial autonomy. However, I am not sure that they would reject such an approach at this time, especially if any public help came from external third parties, rather than from the state itself, and with the type of safeguards historically guaranteed to the BBC. There are precedents for that elsewhere.

In Norway, a state subsidy scheme for local newspapers has existed since 1969. The subsidies amount to between 2 and 3 per cent. of the total annual turnover of the press. Moreover, subsidies are directed particularly towards newspapers in difficult market positions. To be eligible for support, the newspaper must have a general news profile and an editor who adheres to the editor's code. That code, set up by the editors association and the publishers association, gives guarantees for the independence of the editors.

I have no problem with state help. After all, as Alan Rusbridger said in *The Guardian* recently:

> "Who is to say that Channel 4 (not to mention some aspects of the BBC output) is any more deserving of state funding than those responsible for the sometimes humdrum, but essential, task of keeping people informed about what their local councils, courts, police, health and fire services are up to?"

My approach would be based on these principles. The resource for such aid would come from the digital switchover surplus. As the Minister knows, a new auction of parts of the spectrum is coming up. That is to be managed by Ofcom, which has been charged with a duty to ensure that spectrum is not wasted. There is real money here, too. Previously, and famously, the Government did very well when they auctioned the third generation mobile phone spectrum licences, raising £21 billion for the Treasury. Now, with 16 national licences available for auction, the Government can expect to raise a fair amount of cash. Alan Rusbridger estimates that the cash from the ITV part of the equation could be £60 million, while the digital surplus element of the BBC licence fee could amount to a further £130 million. Why should local newspapers not be in with a shout for some of those revenues, rather than the money merely being shuffled around a limited pool of broadcasters?

Ofcom's most recent review of public service broadcasting sketches a number of scenarios for covering nations, regions and local communities. That includes a network of local and regional TV news providers as well as an idea for newspapers to combine with others to provide cross-platform content, including nightly TV bulletins. It also suggests that present competition restrictions could be reviewed, which would involve asking the Office of Fair Trading to assess whether local newspapers could be viewed simply as part of a wider media market. I argue that that pool should be managed by a third party rather than a Government Department. Ofcom is a possibility, or, if it does not have the machinery in place, regional development agencies in England and equivalent bodies in the devolved parts of the UK might be appropriate, because they are perceived to be value free and in those terms would be acceptable to editors.

There are issues about the balance of help that goes to small, local newspapers, as against help for titles owned by bigger media plcs. Of course, checks and balances would be needed to prevent the bigger and better-resourced media groups from hoovering up the pool before the smaller groups can get their applications finalised. As a further guarantee, any receipts from that pool must be seen to be wholly additional to internal media group funding and not used as a way to reduce corporate support.

I know that a lot of hon. Members want to take part in the debate, so in conclusion I have tried to highlight the problems and difficulties facing our local newspapers. I have made some far-reaching suggestions to the Minister, and I fear that if those ideas are not considered, we could be in serious danger of seeing the collapse of a large part of our unique local press. I am not trying to be dramatic, but that would certainly be disastrous. I know that the Minister has listened carefully to what I have said. Local newspapers are the lifeblood of our communities and part of our cultural heritage. They are absolutely essential for our areas and towns, and once lost they would be difficult to restore. Certainly in my area, *The Northern Echo* is an excellent regional newspaper and the *Middlesbrough Evening Gazette* has been serving our people for nearly 150 years. The Minister should take my suggestions very seriously, as I have expressed the concerns of people in my area and the spirit of what our local papers are saying and the worries that they have.

11.23 am

Daniel Kawczynski (Shrewsbury and Atcham) (Con): I congratulate the hon. Member for Middlesbrough, South and East Cleveland (Dr. Kumar) on securing this important debate. For me, the importance of local media is about scrutinising Back Benchers and ensuring that we are accountable to our constituents. As the debate was starting, I received a text message from somebody in my constituency to say that there is now a campaign among the local media to find out how Shropshire MPs will be voting on the issue of MPs' expenses. Constituents are being asked not to vote for MPs who vote to withhold that information. I love that sort of scrutiny. It is essential to have a mechanism for local people to challenge their MPs and for the newspapers to do that vital job.

In Shrewsbury we have two excellent newspapers, the *Shropshire Star* and the *Shrewsbury Chronicle*. In the Lobby, there is a correspondent, Mr. John Hipwood, who works for the *Shropshire Star* and other newspapers. He is always in the Members' Lobby on Wednesday before Prime Minister's Question Time, asking us what we have done during the week, probing and scrutinising. I always look forward to my interactions with Mr. Hipwood in the Lobby, and it is important to have somebody in the House of Commons who scrutinises what we do and reports back to our constituents in an impartial way. We need more than MPs' propaganda through their newsletters to constituents.

I depend on my local newspapers, the *Shrewsbury Chronicle* and the *Shropshire Star*, for highlighting the outrageous way in which the Labour Government are treating Shropshire. They help me to raise issues that are pivotal to the people of Shrewsbury, such as the fact that every child in Shrewsbury receives £3,300 per annum for their education. In other parts of the country, particularly in Labour seats, that figure is £9,000 or £10,000—three times what my children in Shrewsbury get. As a result, village schools are under threat from closure.

Hugh Bayley (City of York) (Lab): The hon. Gentleman recognises that newspapers are impartial. Does he share equal enthusiasm for the way in which local papers lambasted the former Conservative Government when they tried to introduce a poll tax?

Daniel Kawczynski: I look forward to next year, when the Conservative party will get into power, and I expect my local paper to be as critical in its scrutiny as it has been with the Labour Government.

Sometimes, there are controversial issues. Yesterday, I met the chief executive of Veolia to talk about an incinerator in my constituency—or a "waste to energy facility", as people like to call it nowadays. Such issues are complicated and emotional. People raise health issues, and it is the role of the local newspaper to try to crunch all the information and present it in the most effective way.

I agree with the hon. Member for Middlesbrough, South and East Cleveland, who secured the debate, about the need for Government to spend more money on local newspapers. I concur totally with the concerns that he raised about advertising spending having decreased significantly over the past six months. As a result, papers have, for example, had to cut the number of photographers whom they employ, because of the lack of advertising money. Obviously, I would put a caveat on that—I do not want any more Labour propaganda, which is spewed out all over the place in the media. However, it is good to put relevant campaigns through the local media.

Bob Spink: The hon. Gentleman makes a lot of sense. Has he considered using his communications allowance to promote the take-up of pension credit, which I have done in my constituency? That is very helpful for a local community. On a more substantive subject, does he note any difference between the free press that is delivered weekly, which often addresses vulnerable people, and the paid-for, daily local press?

Daniel Kawczynski: I concur with the hon. Gentleman. With the help of my local newspaper, I am initiating a conference in Shrewsbury, with experts, to interact with the senior citizens forum, which is 5,000 people strong, and help people understand more about pension credits. I know that many people in my county are not getting what they are entitled to.

David Taylor: In order to define the lexicon that the hon. Gentleman is using, are we to understand that all information that the Government produce and publicise, perhaps in relation to the Department for Work and Pensions, is propaganda, while anything that comes from Opposition parties is a clinical and objective assessment? Is that how he reads it?

Daniel Kawczynski: It is important for Opposition MPs to highlight in a public way their concerns about Government spending, particularly in the run-up to a general election when there is a massive peak in such spending. It is a strange coincidence, but there seems to be a correlation between an imminent general election and the amount of Government spending. Of course it is our duty and responsibility to scrutinise whether all that information is totally unbiased, and it is very important that we do that job.

The remainder of my remarks will be brief, Mr. Cummings, because I know that you want to ensure that everybody speaks. The *Shrewsbury Chronicle* reports the views of its readers and the work of MPs, MEPs, and county, borough, town and parish councils. That is a very important point. We are talking about not only MPs but parish councils. I represent a rural constituency, and my local paper reports on rural, parish matters, which is very helpful especially for senior citizens living in isolated areas who might otherwise be unable to find out about various vital, local services, such as meals on wheels.

The local editor, Mr. Butterworth, has worked with political, business and health officials to improve the town. That has included campaigns to save the town swimming pool and to get signs put up for Shrewsbury on certain main roads—before I became an MP. I asked the Highways Agency how we could get a sign for Shrewsbury on the M6. It had a sign for Telford, but not for Shrewsbury. It said, "No chance; no, no, we're not going to do it!" The local newspaper ran a concerted campaign saying how important it was for Shrewsbury to be recognised as the county town of Shropshire and to have a sign on the M6. It initiated a cross-party campaign; now thanks to the *Shrewsbury Chronicle*, Shrewsbury finally has a sign on the M6 directing people to our beautiful, historic town—it is, of course, one of the most beautiful in the west midlands, and I highly recommend it for summer holidays.

The *Shrewsbury Chronicle* has also been involved in a campaign for flood defences. However, its most successful campaign was "Let's grow for it", which concerned Shrewsbury's bid for the Britain in Bloom competition. The town not only won the national title for the first time in 25 years, but won the European and world titles—yes, we hold the town in bloom world title! Not only are we beautiful, but we have lots of beautiful flowers.

In the past 12 years, the paper has raised more than £5 million for various charities, which has helped to build a new Macmillan cancer centre and a new diabetes unit at the Royal Shrewsbury hospital, and it has provided a new vehicle for the Red Cross to use in the county, a much-needed extension for the local hospice, a vehicle for a children's hospice and a new head and neck cancer unit at the Royal Shrewsbury hospital. The paper was recognised for its efforts when the editor, Mr. John Butterworth, was awarded the MBE for services to journalism and charity in last year's new year's honours list. The paper has also organised many competitions, such as hanging-basket, shop-window and tots of year contests—I entered my own beautiful daughter, Alexis, in the tots of the year competition. Regrettably, she did not win—

Mr. Vaizey: Where was she placed?

Daniel Kawczynski: We shall not go into that. However, she is a very beautiful little girl.

[Daniel Kawczynski]

In conclusion, the hon. Member for Middlesbrough, South and East Cleveland has secured a very important debate, and I acknowledge the work that he has done to highlight the issue. I look forward to hearing from the Minister what tangible things he has planned to help our local media get through this difficult financial time.

11.33 am

Mr. Andrew Pelling (Croydon, Central) (Ind): I congratulate the hon. Member for Middlesbrough, South and East Cleveland (Dr. Kumar) on securing this important debate and on being determined that a Minister from the right Department should answer it.

This is a very difficult time for local newspapers; it is important not only for business, but for community cohesion, that they continue to serve communities, especially given that, as has been said, local government can communicate through local newspapers. We are fortunate in Croydon in having two strong newspapers, including the *Croydon Advertiser*, which has a long tradition of service to the town. For a great deal of time, a famous editor, Geoff Collard, managed to represent the town as well as report on it. These days, newspapers face some difficult challenges in addition to the economy and possible competition from the BBC. Croydon has much violent crime, on which the *Croydon Advertiser* rightly reports. However, it faces the difficulty of potentially killing the golden goose by having to report on such very difficult issues.

Although local newspapers play very important local roles, they are often part of significant media organisations. The *Croydon Guardian* is part of the Gannett group, which is a US media organisation, and the *Croydon Advertiser* is now part of the Daily Mail and General Trust stable of newspapers having been sold by Trinity Mirror. Interestingly, when it was sold, it was advised that the readership was 20,000, which is less than a third of what it was more than 15 years ago. That is a sign of the challenge facing local newspapers. Gannett has managed, through the Guardian series, to conglomerate a number of local newspapers, in the way indicated by the hon. Member for Middlesbrough, South and East Cleveland. In some ways, that is very efficient. Indeed, in south London, as a local media organisation, the Guardian series employs more than 80 journalists and some 300 people working full-time on their 23 weekly newspapers.

In the world of the web, the *Croydon Guardian* has been particularly successful, because its online media now reaches a monthly audience of more than 275,000 people. Thus the BBC's proposal to spend £68 million on the creation of 65 local news video sites represents a real challenge to those newspapers. Currently, the resource provided by the BBC for local reporting in Croydon is very modest—just one journalist, who is a lady called Evadney Campbell—and its approach is very responsible. However, it is understandable that private-sector providers feel threatened by the potential of being crushed by the size of the new investment.

Those unwelcome developments come at a time when local media need to counter several threats to their future. First, there are the structural, industry-wide changes as part of the media migration to the web. Secondly, Newsquest in south London has operated websites for it newspapers for more than 10 years, and it continues to innovate and invest in a way that provides for an exciting digital future. However, the severity of the current economic climate is having a real impact on its core revenues—most notably, on job and property advertising. Thirdly, in the mind of the *Croydon Advertiser* and the *Croydon Guardian*, there is Government-induced support for local government to withdraw advertising from independent providers through the establishment of local authority news channels and publications subsidised by public and third-party funds. Those two papers have been very critical of Croydon council over the significant increase in its advertising spend that does not go to local media, but is spent directly.

I am mindful that other Members wish to speak, so I shall only take a further two minutes. Local papers can play a real role in giving local communities a sense of identity. If local newspapers leave, much of that sense of identity will go. Many local newspapers campaign on social issues. I am impressed by the work done by journalists on both my local newspapers, such as Harry Miller, Neil Millard, Aline Nassif and Kirsty Whalley. Such people campaign on important issues that are vital to our community—for example, they deal with issues involving the families of victims of knife crime—but given the pressures and the limited pay and resources, it is very difficult for local journalists to pursue such interests.

Local newspapers must be responsible. I congratulate the approach taken by the Gannett newspaper group to remove sex trade adverts from its newspapers. That is something that has yet to be followed by the *Croydon Advertiser* and something that I urge it to do. The *Croydon Guardian* has been lobbying hard on green issues on behalf of south London business. Those are all important concerns.

Finally, on a more light-hearted note, I thank the *Croydon Guardian* for publicising the charity-giving, prize-giving process related to the competition for the best Christmas lights in Croydon, which was the very heart of Christmas light provision within the United Kingdom. Providing such publicity shows how newspapers can support their Members of Parliament and local communities.

11.40 am

Mr. Andy Slaughter (Ealing, Acton and Shepherd's Bush) (Lab): This has not been a happy new year for my local press. The *Ealing Times* closed before Christmas. In early January, Trinity Mirror cut its editorial staff for London and the south-east from 96 to 80. For those papers covering my constituency, that means a cut of about a third. The situation is somewhat unusual in that Trinity Mirror owns both the remaining newspaper groups, the Gazette and Chronicle series. On 7 January, it told the *UK Press Gazette* that all the titles will have one centralised subbing and production hub and one centrally managed photographic team. It said that journalists will be given laptops, mobile phones and new software. It did not mention desks.

Effectively, one centre will cover areas including Surrey, Buckinghamshire, and north, south, east and west London. No semblance of a local newspaper or independence will remain after those cuts. That is very sad. Both the *Fulham Chronicle* and the *Ealing Gazette* have long histories going back over a century, and a loyal readership that has been sorely tried over the years. Despite their common ownership, they have remained fully independent and great rivals. The quality of journalism has never been better in the 25 years that I have been reading and contributing to them. There has been a combination of experienced editors and sub-editors, and enthusiastic journalists, such as Steve Still, Rebecca Kent and Michael Russell on the *Gazette* and Tom Shaw and Saffron Pineger on the *Chronicle*. I make no criticism of them at all. What is said about the pay levels for local journalists is absolutely right. Staff turnover is high because people cannot afford to live on the salaries that they are paid.

Although it is right to say that the recession and unfair competition are the reason for the decline of the local press, the seeds were sown some time ago. The fact that Trinity Mirror and other publishers put their shareholders before their journalists and readers means that when one picks up a local paper, it no longer is that. There are a couple of pages of local news, and then one suddenly finds oneself into the next borough or county in what is effectively syndicated and generalised news. For that reason, sales inevitably go down, and the decline becomes a self-fulfilling prophecy. As one or two of my hon. Friends have said, investment is the answer to selling more papers and producing a better product. The successful newspapers that remain in London are the ones that contain genuinely local news that people wish to read.

I also want to draw attention to the growth of the yellow press or, as in this case, the yellow, blue and red press. Under the guise of producing information, all local authorities and parties publish what is effectively political propaganda to keep the ruling party in power. I am not talking about the traditional council publications—they are dire in the extreme—that contain information about the mayor's engagements and are produced by one hard-pressed information officer. Probably the only thing on which I agree with Boris Johnson is getting rid of *The Londoner*. He did that because it was absolutely useless.

Bob Spink: My Conservative local council refuses to put even the contact details of the MP in its paper.

Mr. Slaughter: Touché. I recognise that. It has to be said that Boris Johnson did not need *The Londoner* because the *Evening Standard* is the house journal of the Conservative party and will print whatever he says in any event. However, I am not talking about such publications, but the much more sophisticated type of publication that replicates what local newspapers used to do and pretends to be a local newspaper that imparts impartial news. Several local authorities in London are now doing that, including Hammersmith and Fulham.

Why is that the wrong thing to do? First, it provides desperately unfair competition. Local authorities have huge resources with which to pay the hidden costs. They pay two or three times the amount to the journalist, and their terms and conditions are marvellous compared with those of the local press. All the costs of distribution, overheads and so forth are hidden. We are talking about hundreds, if not millions, of pounds of expenditure on promotional activity of such a kind. That is bad.

In an aggressive marketing campaign, Hammersmith and Fulham council can say, "Your local press sells 3,000 copies a week, we can deliver 80,000 copies free through your door, and we will give free personal ads and we will undercut any of the advertising rates." Of course, that will lead to the demise of the local press. One may say that that is sad, but it is the way of the world.

I end on the point with which my hon. Friend the Member for Middlesbrough, South and East Cleveland (Dr. Kumar) started: local democracy depends on a local press. If there is no scrutiny by local newspapers, as is the case in many parts of London, no one is keeping an eye on what is going on in the town hall, and that leads to abuse and corruption.

Last summer, the editor of the council newspaper wrote a very insulting article in the *UK Press Gazette* about the local newspapers, and he defended his paper by saying that it was not propaganda and that

"you won't find many pictures of councillors in our paper."

The *UK Press Gazette* correspondent counted 17 photographs of councillors in the last edition. A Labour councillor counted, in total, 150 photographs of Tory councillors before they found one of a Labour councillor. That is the sort of imbalance that we are talking about. That example may seem trivial, but we also see the promotion of unpopular council policies, attacks on anybody who is in an opposition role, whether it is the EU, another tier of Government or the Government themselves, and—this is perhaps the most insidious angle—no criticism whatsoever of the local council however unpopular its policies.

All of us who have been in local government know how mad people can feel when they have been criticised by the local press for making a mistake, but that is the price of public office. If the only source of local information in an area is a publication that only ever presents the local authority in a good light and suppresses anything that is counter to that, then that is a very serious attack on local democracy and one I ask the Government to consider.

Mr. Vaizey: Will the hon. Gentleman confirm that the council newspaper to which he referred was started by the previous council, which was a Labour council, and despite the propaganda in that local paper, it failed to keep in office a woeful Labour council that had racked up the council tax?

Mr. Slaughter: The hon. Gentleman does not do himself any credit. Given his tone of voice, he could well get a job working for the local paper that my Conservative council produces. That is absolutely not the case. I do not want to be hypocritical about the matter. I have run a local authority, and local authorities produce publications. I am not saying that that is necessarily a bad idea, but it must be clear who is producing them and from where their information and views are coming. I am talking about a piece of subterfuge that prevents the public from knowing the truth in a locality. The hon. Gentleman would do well to follow the example of Boris Johnson rather than the insidious example that I have given. If that is the view of the Conservative Front Bench, that is to be regretted.

I am sorry that that intervention has caused me to take so much time. This is a serious problem, which is growing partly because of the recession, but principally because of the actions of some local authorities. At the moment they are mainly Conservative and Liberal Democrat, but I make the point against any local authority that wishes to subvert democracy in such a way.

Several hon. Members *rose*—

John Cummings (in the Chair): Order. Three hon. Members are seeking to catch my eye, so I advise Members that we must start the winding-up speeches at five minutes past 12.

11.49 am

Mr. Alan Reid (Argyll and Bute) (LD): I congratulate the hon. Member for Middlesbrough, South and East Cleveland (Dr. Kumar) on securing this debate. He was right to say that newspapers are the lifeblood of our local communities. They have an important role, because they provide a source of local news and advertising that is not replicated anywhere else, and include such things as court reports, reports of council meetings, and the achievements of local people, schools and groups. Also, as all hon. Members will know, they are an important medium by which to get our message across to our constituents, and also by which our constituents hold us to account.

Local newspapers are also important when it comes to holding Governments to account. I can speak from both sides of the fence, because as well as being in Opposition here and in the Scottish Parliament now, for eight years my party was in power in the Scottish Parliament, when local newspapers held us to account. It can be uncomfortable, but there is an important role for local newspapers in our democracy.

Local letters pages are an important source of local debate. As other hon. Members have said, importantly, local newspapers run campaigns on behalf of their local communities. They are often champions of local communities on a range of issues, which the internet and video media would never replicate. Local newspapers are embracing new technology, and nearly all have web pages these days, but running campaigns and providing information cannot be replicated by the internet.

Newspapers are socially inclusive. The price is still relatively low, and they are placed in local libraries, so people who perhaps do not have access computers can go to their local newspapers and read the paper for nothing.

Mr. John Leech (Manchester, Withington) (LD): Does my hon. Friend agree that the people least likely to be able to access other forms of media or the internet, such as the elderly, are completely reliant on local newspapers?

Mr. Reid: My hon. Friend makes an important point: newspapers are very important for the elderly.

What can the Government do to help? They could do a lot by advertising—I am talking about public information, not propaganda. For example, they could advertise advice on where to apply for benefits such as pension credit, healthy living campaigns, notices of road closures, and consultations on planning applications and traffic management scheme proposals. Such things have got to be advertised in the local press. Simply putting planning applications, and traffic management and parking proposals, on the council's website is not good enough.

In the recession, there will be pressures on the public sector to cut back in all areas, and it could be tempting to cut back on advertising. However, I would urge the Government—they could encourage the whole public sector to do likewise—not to cut back on advertising in the local press. That is an important means by which the public sector can get its message across and engage with local people, and it is important for the survival of local newspapers, which are heavily dependent on advertising. Clearly, the recession has meant that commercial advertising is decreasing, so public sector advertising is important.

I am delighted that the BBC Trust and Ofcom have come out against the BBC local video news proposals. They would have meant unfair competition, so I hope that we have seen the end of them.

My message to the Government and the whole public sector is this: promote the local press, ensure that it is protected from unfair competition, and use it for advertising and consultations. Local communities and our democracy need a free, independent and vibrant local press.

11.54 am

Hugh Bayley (City of York) (Lab): I congratulate my hon. Friend the Member for Middlesbrough, South and East Cleveland (Dr. Kumar) on securing this important and timely debate. Regional and local papers are facing exceptionally hard times. I intend to talk about York's local paper, *The Press*, but it is clear from other hon. Members' contributions that the problem affects local and regional papers the length and breadth of the country.

Last summer, *The Press* made 23 redundancies, including 4 journalists, which was a cut of more than 10 per cent. of the work force. Two years before that, nine journalists were made redundant. This month, *The Press* announced that it will no longer print in York and that, instead, it will print the paper some 40 miles away in Bradford. All the printers' jobs at York will go, although I hope that some of them will be able to transfer to Bradford—that is currently under negotiation between the management and the trade unions. This month, the posts of editor and managing director were combined, in a new post of managing editor.

At one time, *The Press* had a Lobby correspondent here in Parliament. I am deeply envious of the situation in Shropshire where such a post has been maintained. I know, Mr. Cummings, that we are not supposed to pass comment on who is listening to our debate, but one only has to look at the Press Gallery to see how lean the regional media's presence is at Parliament.

I do not want to cover ground that colleagues have covered, but the local and regional press face two enormous challenges: the economic downturn and the pressures of technological change. Twenty-seven years ago, when I ran a small, independent television production company that made programmes for Channel 4, or whoever would buy them, I introduced, for the first time in television, a telephone phone-in. I dread to think where that has led, and I am horrified to see rigged telephone polls and premium-rate calls being used to fleece viewers. Twenty-three years ago, when I was first selected as a Labour party candidate in York, *The Press* was printed by letter press by the hot metal process, but moved to offset litho and bought the new presses in its new works in Walmgate, which are sadly going to be scrapped, as I said.

Technology will not stop, and its advance cannot be wished away. I believe that we will still have printed newspapers in 20 years, but that there will be a rather different content. Electronic media by that time will be more user friendly and better for distributing news, but I believe that the Government need to support local printed newspapers through the transition. For instance, the state could, appropriately, invest in training.

Mr. Edward Timpson (Crewe and Nantwich) (Con): Will the hon. Gentleman give way?

Hugh Bayley: I will not because we have limited time.

I have spoken to local journalists in York and the regional management of Newsquest. Of course, there is no appetite for public subsidy, but the company would welcome more Government and local government advertising, as my hon. Friend the Member for Middlesbrough, South and East Cleveland said. There are some legal requirements on public authorities to advertise things such as planning applications, road closures, other legal notices and so on, but I should like the Government, local authorities and public bodies such as health trusts to advertise more jobs in local papers. That could be made a statutory responsibility. If it was, regulation of charging regimes would be necessary, because many local papers have monopolies as paid-for printed papers in an area, but that could be resolved by negotiation between the Newspaper Society and the Government.

My hon. Friend the Member for Ealing, Acton and Shepherd's Bush (Mr. Slaughter) said that local authorities, health trusts and other organisations that publish their own reports should use local papers to print supplements instead of producing parallel publications. Rather than issue our own parliamentary reports once a year, which are paid for by the communication allowance, MPs could do something similar.

There needs to be a public debate about the scope for public funding for independent, private sector media. As I said, I see no problem with greater public sector advertising or with support for training. Public ownership of independent local papers would, I think, be wholly unacceptable—*Pravda* and *Izvestia* did not live up to the English translations of their titles, "Truth" and "News", so public ownership is out. However, a case can be made for some degree of cross-subsidisation. When I produced programmes for Channel 4 in the 1980s, hundreds of millions of pounds of Channel 4's revenue came from a levy on the ITV companies, and the fact that the Broadcasting Act 1980 guaranteed most of Channel 4's revenue—it was my most important customer—did not in any way undermine my editorial freedom, or that of Channel 4.

My programmes were pretty political. In 1983, shortly after the Live Aid concert, one programme made the case that famine in east Africa was not just bad luck or an act of God, but the result of climate change brought about by human behaviour. That is now a commonplace, but more than 20 years ago it was seen as a dangerous, left-wing idea. I made a programme about miners' wives at Bentley colliery during the miners' strike, documenting how they fought back by writing and publishing poetry.

[HYWEL WILLIAMS *in the Chair*]

The only time I faced direct censorship from Channel 4 was when a passage was removed from a light entertainment show. I had offered Channel 4 Ben Elton, French and Saunders, Rik Mayall and others at a knock-down price as they were performing a charity concert to raise funds for Nicaragua. I had added a small political insert explaining where Nicaragua was and why funds were being raised, and that was regarded as unsatisfactory, but on artistic rather than political grounds.

I would like the Government to investigate jointly with the Newspaper Society whether there are opportunities for cross-subsidising printed newspapers from e-media, perhaps by using some of the advertising revenue from the internet or putting a levy on broadband service providers.

York has had a local newspaper for 288 years. The York Mercury was founded in 1721. By 1725, we had two local newspapers. State advertising has a long history in local newspapers. In 1789, advertisements were placed in the York press for tenders to build solitary confinement cells at York castle, then used as a prison. We need to ensure that local newspapers have a long future, and I certainly want to be able to celebrate the tercentenary of the local press in York in 12 years' time.

Several hon. Members *rose—*

Hywel Williams (in the Chair): Order. Hon. Members should note that I wish to start the winding-up speeches.

12.2 pm

Mr. Dai Davies (Blaenau Gwent) (Ind): It is appropriate that you have taken the Chair just as I am about to speak, Mr. Williams. I add my congratulations to those already offered to the hon. Member for Middlesbrough, South and East Cleveland (Dr. Kumar) on securing the debate. I hope that this is the start of the campaign and certainly not the end. The job losses in the regional and local press over the past 20 years amount not to tens or hundreds, but probably thousands, and the loss of several of those newspapers will have had a detrimental effect on local communities.

I want to touch on three areas. First, to be local to a place one has to be located there. Any place more than 10 miles outside my constituency is foreign land, so the locality of local press is an important point. They provide a drop-in point. Old-age pensioners were mentioned. They like to drop in to talk and have that personal contact with the people in the office. Without that, the opportunity to drop in their messages will be lost. For groups that advertise in their local communities, such as schools and theatre groups putting on shows, losing that personal contact and the understanding of the press people who cover it, who know what the shows and the people are about, is an important loss.

Secondly, the most important thing that we are currently losing is the draw of politics. The point about how we are attacked in the press has been made, but that is democracy. Hon. Members have spoken many times in the House about the importance of encouraging people to be part of political debate. That is what the local press allows, but the national press does not see that and does not have that personal contact. The loss of the local press in a locality means the loss of that democratic process and, more importantly, of the involvement of the individual. The multi-nationals that have now taken over so many of our smaller newspaper groups are putting profit above everything else. We understand that profit has to be made, but they must understand that in the longer term they will lose all their profits because their papers will disappear.

[Mr. Dai Davies]

Thirdly, within the next 12 months there will be more amalgamations of small newspapers, so that they will have one editor and two or three journalists. They cannot survive in that way. I urge the Government to listen to the ideas that have been suggested today, especially those from hon. Members who talked about the Government investing in local press and newspapers. Perhaps we as MPs should also learn to invest more of our time and effort in promoting local press. It is difficult sometimes, and I guess I have suffered as much as any at the hands of the press, certainly in the letters page, but that is something we have to put up with. If we put our heads above the parapet, we are there to be shot at. I therefore urge the Government to please do all that they can to support this important part of our media.

12.5 pm

Lorely Burt (Solihull) (LD): I congratulate the hon. Member for Middlesbrough, South and East Cleveland (Dr. Kumar) on securing this extremely important debate. I preface my comments by declaring a vested interest: my daughter, Emma, is this week sitting her exam for the National Council for the Training of Journalists, so I hope we can do something to alleviate the problem that has been so well outlined.

The hon. Gentleman claimed that the economic downturn has caused this situation, but I disagree. The local press has been shrinking for some time. I will not rehearse the problems that have been more than adequately explained by other hon. Members, but I do want to mention the lack of journalists, because that is hugely important. I would like to sling in a word of praise for two regional newspapers in my area, *The Express and Star* and *The Birmingham Mail*, because they have fantastic editions that are very local and extremely well produced.

I would also like to look briefly at free newspapers. Several hon. Members have said how important those are as a source of information and advice for older people. In Solihull, we are blessed with three free papers, of which one tries to run three editions with one journalist and a part-timer. That is what the situation has been cut to there, and that is the *Observer*. We also have the *Solihull News* and the *Solihull Times*, but apart from a couple of journalists, their main area has now been moved to Fort Dunlop in the centre of Birmingham. The hon. Member for Blaenau Gwent (Mr. Davies) stated how important it is that local journalists are on the patch, and that is a big concern.

Bob Spink: Does the hon. Lady agree that sometimes those small one-man bands are real heroes in the community because they address and deal with vulnerable groups and make information available to them?

Lorely Burt: Indeed, they are heroes and heroines alike.

I want to focus on solutions. The hon. Member for Middlesbrough, South and East Cleveland suggested that using the digital switchover spectrum licensing money as public subsidy might be an appropriate way to go forward. That would be a big step, because the press in this country has been unsubsidised for 200 years. However, when hon. Members look at the example of the BBC, I hope that most of them will agree that it has done a reasonably good job in maintaining balanced coverage. I do not feel, however, that simply throwing money from an amount for a one-off digital switchover will solve the problem. The market is fluid, so how would we decide which papers to subsidise?

I shall propose a couple of solutions. In response to the withdrawal of local newspapers, local people in some areas are actually doing it for themselves through community newsletters. I am referring not to a local authority's party political rag, as mentioned by the hon. Member for Ealing, Acton and Shepherd's Bush (Mr. Slaughter), but to those produced by the true, local people on the ground who do it for the love of it and because they want to keep their neighbours informed.

A year or so ago, when we were sold the BBC online video idea, which has now been withdrawn, we were told that local people would be able to send in video clips. We would all submit video press pieces, in a sort of "You've Been Framed", although hopefully without so many faux pas. The proposal was withdrawn to enable the BBC to concentrate on its existing network services, but also because, in some cases, it would have killed the local commercial media.

To return to the subject of the web, newspapers, the BBC and all the news media are trying to swim in the same pool. It is an important pool, particularly for younger readers; it is where a lot of younger people get all their news, or a great deal of it. However, there is a shortage of local reporters, who are being lost at an alarming rate.

Mr. Timpson: Does the hon. Lady agree that the current circumstances in which the local press finds itself are damaging to what used to be the traditional training ground for journalists—young people brought up in the local community who had immersed themselves in it and had a depth of knowledge? If we lose the local press—the *Crewe Guardian* in my constituency has lost its satellite office, and the *Crewe Chronicle* is having to make freezing measures—we will lose those young people and the ability to scrutinise the local community and local politicians who work there.

Lorely Burt: I could not agree more. I have a proposal for the Minister on which I would like his comments. Can the BBC not use existing local journalists in a joint venture website? There would be benefits to that. It would keep local journalism alive and kicking, it would be attractive to advertisers and more interesting, varied and local, and it would create a synergy beneficial to both.

Hugh Bayley: How does the hon. Lady respond to the fear that such a website would put the same pressure on local printed newspapers as the now-defunct BBC proposal to sink £68 million into local website reporting?

Lorely Burt: I understand that the threat was to newspapers' website operations rather than to the newspapers themselves. I hope that the hon. Gentleman will agree that there will always be a place for written rather than online newspapers in this country.

The Communications Act 2003, which might be a barrier to such co-operation, is due for review in 2009. Let us seize the opportunity to consider a partnership between the BBC and the local press to produce an online news service far greater than the sum of its individual parts.

12.13 pm

Mr. Edward Vaizey (Wantage) (Con): I am grateful to speak under your chairmanship, Mr. Williams. I shall be as brief as I can in order to allow the Minister to respond, but the brevity of my speech should not be taken as an indication that I underestimate the problems faced by our local press.

I congratulate the hon. Member for Middlesbrough, South and East Cleveland (Dr. Kumar) on securing this debate. I hope that I will not wreck his career by saying that I regard him as a personal friend. He has one particular attribute that I would like to put on record: he is the only Member of the House to have read the seminal "History of British Steel", written by the late John Vaizey, my father. For that reason, he will always have a special place in my heart.

I would also like to give some brief parliamentary time to my own local newspapers, as so many local newspapers have been praised. The *Herald*, the *Oxford Mail* and *The Oxford Times* are owned by Newsquest Media Group and provide a superb local service, led by their brilliant editor Simon O'Neill, the inscrutable Derek Holmes, editor of the *Herald* and one of the most brilliant young journalists working in newspapers today, Emily Allen.

Speaking of the history of local newspapers, last week was the retirement of Ian Townsend, our Wallingford reporter, who had reported in and around Wallingford, Thame and so on for the past 50 years. Two or three reporters like him—Mike Hambleton and Gordon Rogers spring to mind—have retired from my local newspaper in the past couple of years. It marks the passing of an era. I do not think that we will see again local journalists who spend 50 years with local newspapers reporting on a single area. That is perhaps a cause for regret, but time moves on.

Local newspapers are under enormous threat, but it is worth remembering what a sizeable chunk of the media they still constitute. There are some 1,300 local newspapers across the country; 40 million adults read a local newspaper at some point during the week; 40,000 people work for local newspapers; and local newspapers still generate about £3 billion in advertising revenue, although the figures are probably dropping sharply. I gather from the Newspaper Society that the figures look bad. Although the official report has not yet been published, I understand that there has been a 20 per cent. drop-off in advertising revenue in this quarter alone.

One can play chicken and egg deciding what has caused the problem. I agree with the hon. Member for Solihull (Lorely Burt) that the problem has been brewing for many years—people's reading habits are changing, and the internet is turning everything on its head—but as the hon. Member for Middlesbrough, South and East Cleveland has pointed out, it is now a perfect storm. The problem of having to compete with changing technology has been exacerbated by the deep recession that we are entering.

Two or three things could help local media. As the hon. Member for Solihull has said, Ofcom is reviewing the ownership rules for local media, and I understand that the review is due this year. The review is urgent, and perhaps Ofcom should bring it forward. I am not sure when it plans to begin or publish the review, but the matter is urgent and the review should begin now. Dominant local newspapers are still prevented, for example, from owning local radio stations. When the Communications Act 2003 was drawn up, there was a balance to be struck on the domination of one media owner in a local area, but given the parlous state of local newspapers—and, with the growth of the internet, the huge range of different sources from which local people can get information—those rules now look out of date and need an urgent review.

Reference has been made to the BBC Trust's interim decision to prevent the BBC from investing £68 million in local video. I understand that the trust will state whether that decision will be confirmed on 25 February. I call on the BBC Trust not to allow the BBC to bring back the local video proposals in another guise. My party campaigned against them, as did other parties, because we recognised that the BBC had the opportunity to invest public money without any commercial pressure into local video, which would have been an enormous threat to local newspapers seeking different ways to continue to grab readers' attention and gain revenues.

A lot has been said about the need to use Government advertising to help local newspapers. In that sense, this debate is reminiscent of the debates that all of us have had in the House about the future of local post offices. Will the Government recognise that local newspapers, despite being owned by private companies, are an important community resource? Are Ministers prepared to work hard to ensure that as much legitimate Government advertising as possible goes into local press?

In that light, I would be interested to know the Minister's views on the Killian Pretty review, which advised that local councils should no longer have an obligation to publish planning applications in the local newspaper. I can guess what his view might be, because the Secretary of State for Children, Schools and Families—the Deputy Prime Minister—has effectively said that he opposes that reform, so I assume that the Minister, whose career is on an upward trajectory, will agree.

I have the utmost respect for the view of the hon. Member for Middlesbrough, South and East Cleveland that digital switchover money, of which there will be a surplus, should be used to support local newspapers. Plenty of media outlets will be looking for that money to support them—possibly Channel 4, possibly broadband. Indeed, we will know next week, when Lord Carter publishes his review, the Government's view of that digital surplus.

Although local newspapers can be supported by reforms made in this House, their salvation ultimately lies in the hands of the newspaper groups and the local newspapers. There is an argument that, as with many industries, including the music industry, local newspapers have been slow to catch up with the implications of the internet. I am grateful that I do not have to run a local newspaper, because it is an extremely difficult job, but local newspapers must completely rethink their business model. They have relied on property advertising and car advertising, and even without a recession a lot of that advertising is going on to the internet, particularly national websites that allow people to type in their postcode and find a local car or house that they want to

[Mr. Edward Vaizey]

buy. So local newspapers must rethink their business model, but if they can do so, that would put them back at the heart of their communities, because the unique selling point that they have is a strong relationship with local people, local MPs—as we have seen in this debate—and local businesses. They can become an important community resource.

I recognise the danger of local councils putting out newspapers, but I counsel the hon. Member for Ealing, Acton and Shepherd's Bush (Mr. Slaughter) that, if the Conservatives are re-elected in Hammersmith and Fulham, it will be because they have cut the council tax by 3 per cent. every single year while improving services. I look forward to hearing from the Minister.

12.21 pm

The Economic Secretary to the Treasury (Ian Pearson): It is a pleasure, Mr. Williams, to serve under your chairmanship and that of Mr. Cummings.

I would like to begin by warmly congratulating my hon. Friend the Member for Middlesbrough, South and East Cleveland (Dr. Kumar) on securing this debate on a topic that affects many local communities right up and down the country. A thriving local press is important to the health of local communities and local democracy. Although I agree with my hon. Friend that we may not always be happy with the views of the local newspapers that serve our constituencies, I do not think that there is a single MP in this House who would deny that they have a key role.

We have had an extremely good debate with contributions from the hon. Members for Shrewsbury and Atcham (Daniel Kawczynski), for Croydon, Central (Mr. Pelling), for Argyll and Bute (Mr. Reid) and for Blaenau Gwent (Mr. Davies), my hon. Friends the Members for Ealing, Acton and Shepherd's Bush (Mr. Slaughter) and for City of York (Hugh Bayley) and the Opposition Front-Bench spokesmen the hon. Members for Solihull (Lorely Burt) and for Wantage (Mr. Vaizey). There were also a number of interventions.

Given the limited time, I do not intend to take any interventions, because I want to respond to the key points that have been made in the debate. I agree with the hon. Member for Wantage that the primary responsibility for local news organisations lies in their own hands and that they must respond to changing market circumstances. Four other key points were mentioned in the debate—competition, advertising, training and financial support—and I want to cover them in my brief contribution.

As has been touched on in the debate, we all recognise that we have seen at least two technological revolutions in the industry in the past 30 years or so. The first revolution was in printing, with the move away from compositing typesetting and hot metal, and the second revolution has been the creation of the internet and the world wide web. Both those revolutions have brought about massive changes to print news media at national, regional and local levels.

As other hon. Members have done, I want to plug my local and regional news media, namely the *Express & Star* and its sister newspapers the *Dudley Chronicle*, the *Birmingham Post* and *Birmingham Evening Mail*, and Newsgroup, which is part of Newsquest. Those newspapers are all strongly campaigning newspapers and all hon. Members who have contributed to the debate recognise the fundamental importance of campaigning local news media.

The challenges that the industry is facing obviously relate to the current economic circumstances and wider structural changes. On the short-term cyclical factors, the current downturn that the country is facing has resulted in advertising revenues for all media coming under severe pressure. Overall advertising expenditure is currently predicted to decline by 6 to 12 per cent., and newspaper advertising revenue is predicted to decline by 12 to 21 per cent. in the next 12 months. As more than half the income of regional presses derives from advertising income, that factor alone will create pressure on business models. At the same time, we have also seen the key raw materials of newsprint increasing in cost by 20 per cent. in the past year.

As has been indicated, we are also seeing some major structural changes. The hon. Member for Wantage mentioned some figures about the structure of the industry at the moment. I just want to point out that, although online readership of local newspaper websites is rising, the physical circulation of print is suffering year on year—it is declining by about 5.2 per cent. Furthermore, the share prices of two out of four of the major regional news groups have dropped by more than 95 per cent. in the past 12 months. Classified advertising revenue in the regional and local press is estimated to have fallen from £1.8 billion in 2007 to £1.4 billion in 2008. There are major challenges, and publishers are responding to them head-on. For example, the Guardian and Telegraph media groups have created new newsroom structures to facilitate the efficient gathering and distribution of news to a variety of media.

Turning to competition, although the market for news content has changed significantly, the need to ensure the plurality of our news content remains. However, achieving that goal presents major challenges, given the changes that are taking place. I am aware that where titles have become unsustainable, publishers have considered it impossible for existing media groups to sell titles to each other, even though they might find synergies, because there are takeover or competition implications. I believe that the impact of competition law in this sector is worthy of further consideration. As hon. Members will be aware, there is a review planned by Ofcom, which is scheduled to take place during 2009.

My hon. Friend the Member for Middlesbrough, South and East Cleveland also mentioned the potential role of advertising. As he is aware, the advertising of health, education and other jobs, as well as statutory notices issued by public sector bodies, has moved substantially to websites that are owned or operated by or on behalf of the relevant public services. Those public services are seeking to achieve the best value for taxpayers and also to reach a wide cross-section of the community. Those are laudable objectives, but that development has clearly had an impact on traditional print media. The Government will obviously reflect on the contribution that my hon. Friend has made during this debate. However, there is a real difficulty given the nature of the technological change that we are seeing in society today. Of course, newspapers are now facing the costs associated with transforming their businesses from a single format paper product to take advantage of those new challenges of communication.

I also want to refer to the comments that my hon. Friend made about training. The issue of training the work force is important. Last year, publishing joined the sector skills councils network and is now part of Skillset. Skillset, with input from the publishing sector, is currently examining the skills required for the sector to take full advantage of the opportunities and challenges offered by digital technologies. My hon. Friend will be aware of the Train to Gain programme and the flexibilities that have been granted by the Government in its operation particularly to help companies during difficult economic times, including local news organisations.

The final issue that I want to mention is financial support. My hon. Friend raised this issue, as did other hon. Members, and it is a complex one, given the requirement that freedom of editorial control must not be threatened by state intervention. I want to reassure him that such support is being considered within the Digital Britain initiative, which Lord Carter of Barnes is taking forward. My hon. Friend will also be aware of the announcements that were made yesterday about additional support for the banks to ensure that they maintain lending, and of the support that was announced last Wednesday, through the enterprise finance guarantee and the working capital scheme. Those schemes are available respectively to companies with an annual turnover of up to £25 million and up to £500 million. They are applicable right across industrial sectors and therefore would include local news organisations. So there is support out there and there will continue to be support.

Military Vehicle Design

12.30 pm

Ann Winterton (Congleton) (Con): It is a pleasure to see you in the Chair, Mr. Williams, for this debate on military vehicles. My initial involvement in defence policy came about in July 2004, following the statement made by the then Secretary of State, who is now the Secretary of State for Transport, entitled "Delivering Security in a Changing World: Future Capabilities". My interest and concern were first sparked, as the Minister will know, by fears about the future of the Cheshire Regiment, but they then progressed to defence matters in general and protected vehicles in particular.

Although we are now in the first decade of the 21st century, the design and procurement of vehicles does not fill one with confidence. I am neither an engineer nor an expert in physics, but I understand the general principles behind the design of vehicles that reinforce the protective element in certain types of warfare, such as counter-insurgency. History is a great teacher, and it is such a tragedy that lessons that were learned the hard way in previous conflicts appear not to have been studied by those who now make decisions about procurement.

I have been unable to visit Afghanistan yet, as others have done—I know that the Minister has been on numerous occasions—but my efforts are entirely motivated by the desire that we should prevent unnecessary loss of life by keeping an open mind and using a little common sense. I sought this debate because I am totally convinced of the need to change the mindset of those at the top, including the military, the civil service and politicians, about counter-insurgency, where mine warfare and all its variants are rife. If that mindset could be changed, and if they applied certain well-proven principles, the death and injury toll could be reduced, tactical advantage could be gained, and a genuine sense of security could be given to the Afghan people.

In my debate of 10 June 2008 on counter-insurgency, the Minister said that we need to look at what has happened in the past 20 years. In fact, Ministers and the Army should look back well beyond that time frame, which is relatively short in defence terms, to the Rhodesian conflict—let us face it, that is a tragic country now—as well as to Oman and Aden, and even back to the second world war.

My theme throughout has been consistent, and is based on simple engineering and physics. I refer to the principle of blast deflection rather than of blast absorption. The V-shaped hull of the Mastiff vehicle deflects the force blast, whereas the addition of massive armour to a flat platform acts to absorb it. Interestingly, the new steel armour on the Ministry of Defence website virtually proves my point, because it has been designed with holes that will, in effect, deflect bullets. Both of those types of vehicle are now in theatre, and the testing question is this: in which type would you prefer your son or daughter to be transported, or to be transported yourself? When the previous Secretary of State visited Basra, he rode in a Mastiff. That was very appropriate, given that he was credited with ensuring that that vehicle was procured in the first place.

One aim of insurgents, in seeking to win the propaganda war, is to send back a steady trickle of dead bodies. If we accept unnecessary casualties, we might lose support

[Ann Winterton]

on the home front, which would work against our objective of winning. There was an incredible loss of life and vehicles in world war two due to mines, but by the time of the Oman conflict in the early '70s, the V-shaped hull was protecting the cabs of lorries, providing more protection than we have today. The Omanis were well equipped with vehicles, strike aircraft and helicopters; if only we had that capability today.

Then there was the Rhodesian situation, during which 80 mine-protected combat vehicles were built by 1978. The vehicle was developed on a modular concept, whereby different bodies could be fitted, but one of its best features was its cross-country capability. That is an example from 30 years ago of a vehicle with high protection and manoeuvrability, which the South Africans further developed into the RG31, but many people today say that it is impossible to provide anything similar. Currently, the US-armoured vehicle manufacturer Force Protection is building, as a private venture, the Cheetah, featuring the same basic technology as that developed by the Rhodesians.

The Chief of the General Staff was recently quoted in the media as saying:

> "If there was a better vehicle, a smaller vehicle, out there we could get our hands on quickly, or could have got our hands on quickly…we would have done so."

A problem for parliamentarians is that we do not always have access to information about the types of vehicles in which soldiers are killed or injured. Also, we cannot find out the weight of certain vehicles. When I asked the Secretary of State for Defence, in a written question,

> "what the unladen weight is of (a) the Snatch Vixen and (b) each of its variants",

the reply stated:

> "I am withholding the information requested, as its disclosure would, or would be likely to prejudice the capability, effectiveness or security of the armed forces."—[*Official Report*, 17 November 2008; Vol. 483, c. 154W.]

That is strange, because I had previously been given, in answer to another written parliamentary question, the weights of the WMIK, or weapons mounted installation kit, the E-WMIK and the M-WMIK, or mobility weapons mounted installation kit. It is also strange, because the Army website states the weight of both the Panther and the Jackal. Furthermore, only a week last Monday on 12 January, the Channel 5 programme "Warzone" stated that the Vixen weighed more than four tonnes, so I got my answer. I suspect that that four tonnes is the same increase in weight, from the Snatch to the Vixen, as when the M-WMIK was armoured to become the Jackal. The decision to deny a Member of Parliament an answer to a perfectly reasonable question probably has more to do with preventing the likes of me from suggesting an alternative. The Minister is grimacing somewhat at that remark.

In the interview that I have quoted, the Chief of General Staff said:

> "If you are committing young people to battle they have to be given the best, and when circumstances change, they have to be given the best again."

That statement should be applauded, as far as equipment is concerned, but the same cannot be said with enthusiasm for vehicles, other than the Mastiff and the Ridgback. The circumstances changed in both Iraq and Afghanistan, and the MOD was badly caught out to think that it could replace the Land Rover variants with only the disastrous Pinzgauer Vector, which I understand was the Army's choice. I well remember being hauled over the coals for suggesting, at a briefing in the MOD, that that vehicle was dangerous, but the out-of-service date for the Vector is now 2015, which is an incredibly short period. That rather backs up my initial remarks.

Any new vehicle is tested in theatre in no uncertain terms—previously by insurgents in Iraq and currently in Afghanistan. A Mastiff vehicle was disabled after six stack mines exploded, but it was soon functional again and there was no loss of life. No wonder the enemy has given up on that vehicle and we are seeing it undertake many tasks for which it was never intended.

I am not saying that every vehicle requires a V-shaped hull, but when our forces are sent into areas where mines and explosives are prevalent, Ministers, civil servants and commanders have a duty to make sure that the right vehicles are available. To hide behind talk about a certain type of vehicle not being available is simply not good enough. It is surely a question of will. After all, if Force Protection can design and build the Wolfhound in 90 days, a replacement for the Snatch Land Rover could undoubtedly be provided—although that is with the proviso that the finance is available. I seriously question whether the powers that be know what they want or, as the past has often proved, have they got it horribly and expensively wrong? The UK has run into a cash crisis that is second to none, and we must ask where the funds will come from.

The policy of adding armour to convert a vehicle, rather than designing for purpose, has been repeated time and again. It happened with the Land Rover, the Panther, the Pinzgauer Vector, the M-WMIK being turned into a Jackal and now the Viking. As a result, weight is an increased factor, the vehicle's manoeuvrability is decreased and the chance of being flipped over by a mine strike dramatically increases. Some people might accuse me of not wanting protection for our troops, but my answer to that is that such vehicles did not have the right design in the first place for the purpose for which they were intended. The addition of armour to those vehicles thankfully decreases the number of deaths, but it often increases the number of terrible injuries, about which the public are not fully informed.

Let us consider the Warrior, which I understand is to have additional underbelly armour added and is already low to the ground. The blast can be prevented from penetrating the hull of the Warrior, but that runs the risk of turning the vehicle over. The mindset seems to be that if a tank cannot take a blast, nothing can. Tanks and other infantry back-up vehicles were designed to take on other tank formations, but if I were in Afghanistan, I would rather be in a Mastiff than a Warrior any day. On tracked vehicles, the Viking was used because the Marines had nothing else. It will be replaced by a larger version of the same type, the Warthog. There are advantages and disadvantages to tracks versus wheels, but I cannot understand why if a mine-protected tracked vehicle is required, it cannot be produced quickly—to say it cannot be done is simply absurd.

We are constantly told that there is no alternative to the Snatch Land Rover—an assertion which I vigorously dispute. Let us examine the situation regarding Force

Protection's Cheetah vehicle. More than a year ago, I asked what consideration had been given to that vehicle. The answer stated that

> "The Cheetah has been considered for a protected patrol vehicle programme. It did not, however, meet a number of key user requirements."—[*Official Report*, 10 December 2007; Vol. 469, c. 55W.]

Further questioning resulted in the following response:

> "The Cheetah vehicle did not meet the minimum internal space".—[*Official Report*, 18 February 2008; Vol. 472, c. 87W.]

Follow-up questions last February about the Panther, which only has side exit doors, versus the Cheetah, which has a rear exit, elicited a further reference to internal space. Yet, where precisely are those 401 Panthers ordered in 2003—now weighing 7 tonnes—100 of which are supposed to be operational? Perhaps the Minister will answer that when he winds up.

Again, last December, at a briefing for Members of both Houses, we were told that one reason why the Cheetah was unacceptable was because it took a fully kitted-out Fijian soldier—in other words, a very large chap—some 40 seconds to get in or out of the passenger door. However, if the vehicle can take the blast, someone would stay in it and get out of the killing zone altogether as soon as possible. In many vehicle designs, the soldier would have to evacuate the vehicle, which would probably be badly damaged anyway.

Back in November 2005, I highlighted the issues relating to another vehicle when I asked the then Secretary of State, the right hon. Member for Airdrie and Shotts (John Reid), if the Buffalo vehicle designed with the V-shaped hull principle would be introduced for action against roadside explosive devices. The answer was that an assessment had been carried out on the vehicle, but there were no plans to procure it. Yet exactly three years later, in answer to another question concerning the Talisman project, I was told that the Buffalo would be purchased to counter improvised explosive devices as part of a three-vehicle package. Although I was delighted to have flagged-up the Buffalo issue, why did it take so long to recognise its attributes and get it into service?

Those examples show that different tactics have to be used with blast-absorption-type vehicles compared with blast-deflection vehicles. I wonder whether that has been recognised. I do not believe that those who gave the December presentation understood the difference and, as they also indicated a preference for low-profile vehicles—presumably the physical height of the vehicle must be a priority—the safer design of blast deflection is completely ruled out. That is surprising, because one would think that the greatest priority is to save the lives of soldiers whenever possible.

I also asked about the relative dimension specifications of the Cheetah and the Snatch Land Rover. I have since discovered that the measurements provided in a written answer on the Cheetah were based on an old and now non-existent specification. The Cheetah has recently been changed—it is now much lighter and has better armour and mobility. I respectfully suggest to the Minister that the MOD should re-examine the Cheetah and revisit the decision not to consider that vehicle in the light of the facts that I have just put in the public domain. In addition, I do not take kindly to receiving inaccurate replies to written parliamentary questions—I would use a different word from "inaccurate", if I were not trying to stay in order this afternoon, Mr. Williams.

Having the correct vehicle for the job is crucial. Tactical advantage and manoeuvrability were lost in Iraq with the Snatch Land Rover having to be replaced by the Challenger tank. In Afghanistan, the first battle for Garmsir was unsuccessful when Vikings were used, but the day was won when Warriors were correctly used—although I understand that that vehicle is now being used as a transporter, which is not its role. I can never understand the view of those in the Army who say, "We are soldiers and therefore we expect casualties" without appreciating the political reaction back in the UK. The conflict also needs to be won on home ground. If public support wanes as a result of a growing casualty list and a war being waged at a considerable distance from the UK, considering such a war is also a drain on resources at a time of great economic hardship, the cause may be lost.

I do not accept that suitable vehicles cannot be procured. There should be better co-operation between the operational and procurement side of the Army, and a clear definition of what is required. A company such as Force Protection could then be approached—as, indeed, could others—to produce what the UK needs in double quick time using commercial parts. For example, in relation to the Iveco Trakker Hovertruck, which is a half-track vehicle, the commercial technology exists to convert the half track back to conventional wheels, depending on whether there are summer or winter conditions. More intelligent procurement of vehicles that are better designed to include protective and practical features gives a great tactical advantage. As a result, the death toll will not be seen to be mounting. We will also be seen to be winning the conflict and hearts of minds both here in the United Kingdom and in Afghanistan.

Nothing succeeds like success. While paying full tribute both to the professionalism and bravery of our soldiers, as ever supported by their families and friends, and to their achievements against the odds, we should ensure that our armed forces are provided with what is required to finish the job with the minimum of casualties.

12.50 pm

The Parliamentary Under-Secretary of State for Defence (Mr. Kevan Jones): May I congratulate the hon. Member for Congleton (Ann Winterton) on securing this important debate and say how enjoyable it is, once again, to listen to her? She knows that we both have an interest in the subject which goes back many years, and I credit her work in this area.

It would be remiss not to use this occasion to note the bravery of Corporal Richard Robinson of 1 Rifles, who lost his life at the weekend. All the thoughts of Members from all parts of the House will be with his family and friends, and I am sure that the hon. Lady will associate herself with those thoughts.

Ann Winterton: *indicated assent.*

Mr. Jones: Can I set out our approach, which the hon. Lady will recognise? It is to give our commanders on the ground a range of vehicle options, and great strides have been made in providing that range. I shall put on the record the number of different vehicles that are now being procured for the Iraq and Afghanistan theatres. They are the Mastiff, the Ridgback, the Jackal, the Vectra, the Coyote, the Husky, the Wolfhound and the Warthog; don't ask me who thinks up the names.

[Mr. Kevan Jones]

Mr. Williams—they are clearly imaginative. In addition, we have the WMIK, the Viking, the Snatch, the Snatch Vixen and, soon, the Panther, which I shall refer to in a minute. It is important that we, as politicians, do not second guess the commanders but give them that range of vehicles. It is up to them to choose which vehicles are used for particular missions, taking into account the threat and the task at hand.

Ann Winterton: I absolutely accept that it is up to commanders to choose which vehicles they should use for specific missions, but if certain types of vehicles are not available to them, they are somewhat stuck. May I suggest to the Minister that those in the Ministry of Defence should go back to the time of the Rhodesian conflict, when the Land Rover was converted with a V-shaped hull and provided a very fast cross-country vehicle. That is thinking out of the box, and, sometimes, that is what should take place.

Mr. Jones: Having, as a Minister, hopped over to the other side of the fence, I have learned in more detail how decisions are taken. One thing is clear, and I must put it on the record: decisions on procurement are taken jointly between Ministers on the advice, and with the support of, the chiefs. It is important to recognise that fact. The decisions on the types of vehicles that are available are not taken in isolation from the military advice, or support, of the service chiefs, and the decision on how those assets are used on the ground ultimately has to rest with individual commanders.

I must say that no vehicle can guarantee complete protection. The balance that commanders strike, and the judgment that they use, on the ground is down to them. Another important point is that this is not just a matter of procuring a new vehicle that will carry people from A to B, because a lot of technology is now needed for vehicles on different operations, which needs to be taken into account. It is not about going into a showroom and buying a vehicle off the shelf. I do not suggest that the hon. Lady has said that, but some commentators have said it.

I congratulate the Ministry on the urgent operational requirements process, which very quickly introduced into theatre the vehicles that I have just named. Turnarounds have been done very quickly—some in fewer than six months—and I credit not only the MOD team but everyone involved in the procurement process.

The hon. Lady talked about finance, but finance is not an issue. We have spent some £4 billion on urgent operational requirements, some £1 billion of which went on the new fleet of vehicles. That money is not from the MOD budget but from the Treasury reserve, and the Government are committed to ensuring that finance is not an inhibitor to providing the best that we need on the ground for our troops. The National Audit Office and the Public Accounts Committee looked at the UOR process and were congratulatory about it.

I turn to the issue of how we should determine the types of vehicles that ought to be deployed in Afghanistan. Again, the decision is down to individual commanders, but we are up against an ever-evolving threat, as the hon. Lady recognises, and we cannot design a single vehicle for every single use. As she has said, I have been to Iraq and Afghanistan and seen the Mastiff vehicle, including one that, having run over a mine, provided great protection to the individuals inside it. She has referred on several occasions to the V-shaped hull on the Mastiff and other vehicles, which is important, but it is not the sole driver in terms of protecting our troops in a vehicle—armour is important, as are tactics and the manoeuvrability of vehicles. On the threat of improvised explosive devices, the electronic counter-measures, which, as she would expect, I shall not go into, are very effective in saving people's lives. The issue concerns not only the armour and the V-shaped hull, but a suite of effects that we can use to protect the men and woman who serve on our behalf.

The hon. Lady is right that there is a difference between blast absorption and blast deflection, but the type of protection used on any vehicle is driven by its capability and the way it has been designed to meet the threat that it faces. One thing that I found in Afghanistan and Iraq is that commanders need a range of vehicles, because, although the Mastiff is very good, if we tried taking it down some small streets in rural Afghanistan, we would find it very difficult, which is why we need a range—

Ann Winterton: *rose—*

Mr. Jones: If the hon. Lady would allow me—

Ann Winterton: We need a smaller Mastiff.

Mr. Jones: I shall come on to that in a minute. We need to offer a range of vehicles, but I shall now turn to the Snatch Land Rover, which has been the subject of much informed and ill-informed comment in the press. When I was last in Iraq, I asked commanders whether they needed Snatch Land Rovers, and they said yes, because it is about manoeuvrability—

Ann Winterton: They have nothing else.

Mr. Jones: I do not accept that. The point is about manoeuvrability, and the Snatch Vixen's added protection will improve that capability.

I have seen Panther being modified at Vickers on Tyneside, not far from my own constituency, and it will be deployed in the spring. It has a specific task as a command and liaison vehicle, and I am not sure that it would meet the hon. Lady's suggested task. She has also mentioned Cheetah, but I am told that it is too small for the suggested task. It has been trialled, but there is no such vehicle in service in any nation at all. I accept that perhaps we need to look for alternatives, but the Cheetah has been looked at.

The hon. Lady has said that the answers to some of her questions were misleading, but that was not the purpose of our answering in the way in which we did. We must be careful not to put too much in the public domain.

Again, I thank the hon. Lady for raising this important subject. I consider her a friend of the MOD, in terms of ensuring that we get what she and I want, which is the best protection and equipment for our servicemen and women in Afghanistan and Iraq. I assure her that that is what the MOD and I, through my involvement as a Minister, want. Our records to date show that we have delivered a wide range of vehicles, that finance is not an issue and that we have ensured that people get what they want.

Child Prostitution

1 pm

Mr. Barry Sheerman (Huddersfield) (Lab/Co-op): It gives me great pleasure to introduce this discussion on the important subject of the grooming of children for prostitution. Little did I know that there would be two significant events today: the inauguration of a new American President and my debate on an issue that has emerged in my constituency—something that goes to the heart of every politician's life. I find that the biggest national issues come from the grass-roots experiences in the communities that we represent. That is not a bad rule.

I chair the Children, Schools and Families Committee so this is an important issue for me. However, long before I chaired that Select Committee, I ran an important campaign about the remarkable situation that the penalty for bringing a child into prostitution was lower than that for running a disorderly house. Many good colleagues in the House at that time campaigned for a change in the law. Since 2003 there have been more significant penalties for people who draw young people into prostitution.

I raise this matter today because it is an issue in west Yorkshire and in my constituency. I believe that it is also a national issue. The Coalition for the Removal of Pimping, known by the interesting acronym CROP, has a very active branch in west Yorkshire, based in Leeds. It has accompanied two or three of my constituents who have faced the traumatic experience of having a daughter as young as twelve taken into a way of life that leads to sexual manipulation and in some cases prostitution.

I will not go into too much detail, but the Children Act 2004 places specific responsibility on social services to safeguard and promote the welfare of children in the area. Sexual exploitation has been a critical challenge to safeguarding children with long-term implications for children and families. That legislation and the five outcomes for children outlined in Every Child Matters show how important the welfare of children is to this Government, to all parties and to all parliamentarians. I celebrate the introduction of a Department for Children, Schools and Families with a remit that runs across any Department if the concerns of children are involved. The Sexual Offences Act 2003 introduced many new offences to protect children from sexual exploitation including meeting a child following sexual grooming, paying for the sexual services of a child, causing or inciting child prostitution or pornography, arranging or facilitating child prostitution or pornography and controlling a child prostitute.

This is not a pleasant subject to discuss, but we must discuss it. There have been high-profile "Panorama"-style exposés on these problems. However, I listen more to the parents who find themselves and their children victims to this kind of exploitation. Families are also exploited. I want to put it on the record that even 12 years ago, during my research for the original campaign, I was horrified to find unscrupulous men—always men—in every town and city with a sophisticated methodology and technique for grooming children into prostitution.

The more I talked to experts in the field, the more convinced I became that there was no dominant ethnicity among the perpetrators. They came from different ethnic backgrounds in different towns and could be white, black or Asian. Some, such as the British National party, have tried to make this a racial issue. I do not believe that it is.

There are unscrupulous men in every town and city using this sophisticated technique. The more I considered it, the more I found it akin to the sophisticated psychological techniques used by sects in America and to a lesser extent in this country to get vulnerable people into their organisations by brainwashing them, changing their personalities and entrapping them.

The entrapment of a young girl often follows that process. A young man in a flashy car—perhaps an old-fashioned expression—will drive around a school looking at and talking to young women. In the end, one girl will accept a lift in the fancy car. There follows a process of giving presents, taking the young person out without their parents' consent to venues that they would not usually go to at their age, meeting with friends in the local park and introductions to alcohol and drugs. The next stage is a sexual relationship, usually with a person the young girl assumes to be her boyfriend. Sadly, that introduction leads to the young man passing the girl on to an older generation or a wider circle of men. The road to drug addiction, alcohol dependency and prostitution at an early age follows. This is not unusual or a one-off, but something we know about.

In introducing her Safeguarding Runaway and Missing Children Bill, my hon. Friend the Member for Warrington, South (Helen Southworth) was concerned that a significant number of runaway and missing children were vulnerable to the sort of treatment that I have described.

Helen Southworth (Warrington, South) (Lab): I congratulate my hon. Friend on securing the debate and on giving hon. Members another chance to discuss this important issue. Does he agree that children without family support are particularly vulnerable to predatory adults? Does he also agree that those in the care of children's services are often targeted by predators who think that they can be exploited because their families are not immediately available? How does he think the police and children's services can win the confidence of such young people so that they can be safeguarded, while gaining the intelligence and information that is needed to identify and tackle the predators?

Mr. Sheerman: My hon. Friend knows that I agree with her point. The Children, Schools and Families Committee is just concluding a major inquiry into looked-after children or children in care. The report will be out in about a month. We have found that the perpetrators actively try to find out where vulnerable young people are placed, especially if they are in institutional care or just coming out of care at 16 and going into relatively unsupervised accommodation. She is absolutely right that that is a significant element.

Many young people in care are more vulnerable, but I want to put on the record something that has been brought to my attention by the Coalition for the Removal of Pimping and other charities. Many cases involve girls from what one would normally call conventional homes: homes with good, supportive parents, with both parents at home, and with brothers and sisters who have successfully got through this difficult age and stage. The men who prey on children have great skill in identifying vulnerable

[Mr. Sheerman]

children, whatever their background. However, I absolutely agree that some children are more vulnerable than others.

My colleagues in the House will know that I would not ask for a debate of this kind to say that children's services and social services are awful, or that the police do nothing. That is not why I have raised the subject today. A large amount of good guidance have been provided by the Association of Chief Police Officers, and for several years—certainly the past 10 years—valuable pilot projects have been done in places such as Sheffield, Nottingham and Oldham. I believe that I am leaving one out; perhaps someone might correct me. Oh, I forgot Blackburn. I apologise for missing out such an important town.

Where such projects work, they work very well indeed. I cannot help comparing them with my hon. Friend's campaign for runaway children, which develops sophisticated networks of people who are concerned about the issue. The local authority, the police and everyone in the circle network and do the job well. They understand the problem and the need to work in a co-ordinated and meaningful way, and the network works very well indeed. What is needed to deal with the child prostitution problem is absolutely the same.

Dan Norris (Wansdyke) (Lab): I congratulate my hon. Friend on securing this important debate. I am not clear on whether he is saying that the problem is getting worse, or simply that we are more aware of it, that there is better reporting, that we know more about it, and that therefore we might conclude that the problem occurs more often and affects more children.

Mr. Sheerman: I am delighted that my hon. Friend made that point, because I was just coming to it. The problem is getting worse, and it is getting worse because of technology. There is no doubt—all the research shows this—that children are now more vulnerable through the internet, through mobile phones, and through greater mobility in every sense: communications, transportation, IT and so on. In a strange way, the new technologies make a child more vulnerable; for example, in respect of bullying, as we know from the research that the Select Committee did. Technology is not always helpful.

Furthermore, technology helps the men to keep in constant communication with young girls, and constantly to badger them, push them and remind them about meetings. They are able to talk to them when they are in the bosom of their family, in their own home, in their bedroom or with their parents. One hears stories from parents about men who are constantly phoning, pushing, and trying to stimulate some kind of reaction, often oblivious to the feelings of the parents. The violence that is threatened to parents who get between such a man and a child is also a problem. The situation is getting worse in a very real way.

What I am calling for today is not some silver bullet or magic wand. I am asking the Government to take the matter more seriously, and to ensure that the good practice in Blackburn, Sheffield and other places is rolled out in every police authority area. I do not think that my police force in west Yorkshire takes the matter as seriously as does the police force in south Yorkshire and other areas, but that is my particular worry.

In every place where the problem is taken seriously, the work of the children's services and the police is co-ordinated, and a network is set up. Some of our wonderful children's charities are good partners in such work, as they have knowledge and expertise. It is not always a matter of saying that the problem is down to the Home Office, the police or the local children's services agency. The team is important, and if it works sensitively with parents and schools, and brings teachers and parents into the coalition and network, there can be great success. I know that there has been success because effective prosecutions have taken place and men have received long sentences.

In a bit of the world out there, one hears people say that the girls are asking for it, that it is their own fault, or that there must be something lacking in their background. I reject all of that. A child is a child, and one of the great dangers in our country today is that there are pressures from technology and much else to shorten childhood. For example, some rather silly colleagues of all parties want to bring the voting age down to 16. I would fight to maintain the position that a person is a child until 18 because it gives enormous protection to them.

The ambivalence in our society, which says that someone is a child until 16 in some areas but until 18 in other areas, is dangerous. Girls are pushed or inveigled into prostitution, then become criminalised before they are even 18. I know that the police are reluctant to proceed: a young woman in such a position will get two cautions and so on. That is all very well, and I know that some charitable foundations have recommended that the age of criminality for prostitution should be raised to 18. I am not sure about that, but I would like a good discussion about it. It seems strange that children who are manipulated, coerced, and inveigled into a life of prostitution through drugs, drink and all the psychological tricks that are played on them can then find themselves criminalised as prostitutes before they are 18.

I do not want to prolong the debate, except to say that we must protect children. A small voice out there says that it is not a great priority, but I believe that someone who grooms a child, whether a teacher in a classroom, someone on the internet, or a man in a flash car outside the school, is a groomer. I do not like them. They are criminals and should be treated as such.

1.18 pm

The Parliamentary Under-Secretary of State for the Home Department (Mr. Alan Campbell): I thank and congratulate my hon. Friend the Member for Huddersfield (Mr. Sheerman) on securing this debate. I welcome the opportunity to discuss the important issue of safeguarding children from sexual abuse and exploitation. We are all aware of how important it is to him, and I commend his work in this area. He is not only an assiduous constituency Member of Parliament but has considerable experience as Chairman of the Select Committee on Children, Schools and Families.

I completely agree that safeguarding children is an absolute priority and that the exploitation of children is completely unacceptable in today's society. My hon. Friend is right to raise attention to the problem, whether it occurs locally, nationally or, indeed, internationally. I hope that I can give assurances in my remarks that the

Government take the matter seriously and give it the highest priority. Whatever community it occurs in or comes from, exploitation of children is simply wrong.

My hon. Friend has raised concerns about problems in his constituency and has mentioned the success that Blackburn and other cities have had in tackling a similar situation. He asked whether the success in those cities can be rolled out across the country. In relation to the events in Huddersfield, I am aware that a number of police operations are still ongoing. I am sure that my hon. Friend appreciates that I am not able to go into the details of any of these ongoing operations, because I do not want to put them at risk. However, let me be clear that police forces work closely with social care services departments throughout the country in relation to sharing information and intelligence on this problem. Such joint working is critical in supporting vulnerable children and young people at risk of exploitation and stopping abuse.

Local safeguarding children boards are responsible for ensuring that local procedures are in place to safeguard and promote the welfare of all children in the area and for monitoring and evaluating the effectiveness of local partners in implementing those procedures. "Working Together to Safeguard Children", the main inter-agency guidance on safeguarding, highlights sexual exploitation as a key area of concern that should be covered by local safeguarding children board procedures.

Mr. Sheerman: Does my hon. Friend have the figures now, or could he provide them at a later date, on how many successful prosecutions there have been in each policy authority area? That would be helpful, because it would be an indicator of how serious and sophisticated the police effort is. The sophisticated groups and gangs that perpetrate such crimes need sophisticated techniques to catch them.

Mr. Campbell: I shall certainly seek that information and will perhaps send it to my hon. Friend later. But let me say that it is important that we have a sophisticated response to this matter. I hope that I can illustrate that the response ought to be sophisticated, locally and across the country.

We are very concerned about the issue of trafficking—it is a form of trafficking—of children within the borders of the United Kingdom. We know, as my hon. Friend has highlighted, that it is often teenage girls who are targeted for exploitation and then trafficked between and within towns and cities. This is completely unacceptable in this day and age. Some girls are lured away from their families and are subjected to horrific violence and abuse. Often the girls often have no idea where they are in the UK at the end of the process.

The Government are committed to tackling this problem and, through the national action plan on human trafficking, we will improve the way in which professionals identify and deal with problem of human trafficking both between countries and within our own borders. To help with this, the United Kingdom Human Trafficking Centre has established a multi-agency group to co-ordinate this work and assess the scale and nature of the problem across police forces. Operation Glover in 2007 was an example of successful operation against the organised criminal sexual exploitation of 33 children aged between 12 and 15 in the midlands. The ringleader received a total of 10 years for multiple rapes. This was a good example of co-operation and intelligence sharing between children's services, the local police and the UKHTC.

The United Kingdom Human Trafficking Centre is continuing its work to highlight this crime among potential victims. For example, in conjunction with the Home Office, the UKTHC has produced a DVD to alert teenage girls to risk of sexual exploitation and trafficking. We hope that the video will soon be available with a learning and resource pack for teachers and youth workers.

As my hon. Friend knows, the Government have done a great deal over the last few years to improve child protection. We have introduced dedicated child abuse investigation units into all police forces and rolled out specialist sexual offences officers and rape prosecutors in every area. We are working with the Association of Chief Police Officers on building a suite of performance indicators for the police in their role as child abuse investigators and we hope to incorporate those into the assessment of policing and community safety next year.

We established the Child Exploitation and Online Protection Centre in April 2006. This law enforcement agency brings together police officers, child protection experts and IT specialists from across the public, private and voluntary sectors. Its national remit includes gathering and co-ordinating intelligence on high-risk child sex offenders and helping to track them, both in the UK and overseas.

As my hon. Friend said, the Sexual Offences Act 2003 introduced new offences to protect children from exploitation, including the specific offence of meeting a child forsexual grooming and causing or inciting child prostitution or pornography. In addition to this, the Home Office continues to work closely with the Department for Children, Schools and Families and the Ministry of Justice on child protection and issues. In September 2008, Bedfordshire university published a report commissioned by the Home Office and the Ministry of Justice that scoped the current criminal justice response to child sexual exploitation.

Another illustration of how Departments are working together and joining up the issues to protect children from this form of abuse is guidance published by the DCSF with the Home Office on consultation on children missing from home and care. My hon. Friend rightly paid tribute to my hon. Friend the Member for Warrington, South (Helen Southworth) and I am pleased to join him in praising the work that she has been doing. The consultation and guidance published by the DSCF and the Home Office will alert practitioners to the fact that, often, sexual exploitation is the reason for some children going missing. The draft guidance has just been launched for consultation and the final version will be available in the spring. It will be critical that those working with children can read the signs and know how and when to intervene.

The Government guidance "Working together to Safeguard Children", published in 2006, sets out how organisations in England should work together to safeguard and promote the welfare of all children. Later this year, we will be publishing new guidance on safeguarding children and young people from sexual exploitation, supplementary to "Working Together", following extensive consultation in autumn last year.

Mr. Sheerman: This is all music to our ears. However, there is a real point to be made. First, consultation and guidance is all very well, but the resources must be there on the ground for the police to find things out. Good policing is expensive. Many of the girls involved think these men are their friends and will not give evidence against them, so we need quite sophisticated techniques. These are children and they are easily intimidated.

Secondly, families need children's services quickly to get into the home and give them support. In a case in my constituency, a 14-year-old child was pinpointed by these men and, by the time social services or children's services came in, the child was 16 and pregnant and prone to alcoholism. That is seriously slow movement, is it not?

Mr. Campbell: We do want to intervene early and effectively. Of course, as my hon. Friend says, there is inevitably a resource issue in respect of such matters, but it is also about making it a priority for police forces and local authorities and making them aware of their responsibilities. In making it a priority, the resources that they have—as well as those that they request—should be put to best effect. Therefore it is important that we give them guidance. My hon. Friend will also accept that police forces and local authorities to some extent are local and independent in their response. We can get them to the place that he and I want them to be at by working with them, rather than by making a dictate from on high, which I know he is not asking for.

The issue of grooming of children for sexual exploitation is a real one that we take seriously. A lot has been done over the past few years to give the agencies the power and resources to tackle all forms of sexual abuse and exploitation. We will continue to work hard in partnership with children's services, the police and non-governmental organisations to do all that we can to support children and families to protect some of the most vulnerable people in our society, because that is what it is about. At this point, I draw attention to the wider debate about prostitution, which focuses on vulnerability. We should also, at all times, ensure that we are in a position to enforce the law and punish those responsible.

Simon Slade

1.30 pm

Mr. Iain Duncan Smith (Chingford and Woodford Green) (Con): I applied for the debate and was enormously pleased to secure it, because those of us who have been involved in this matter have been trying to obtain some redress and ensure that some attention is paid to the tragic case concerning the death of Simon Slade, a constituent of mine. His parents are also constituents of mine and first came to see me at a surgery in my constituency. It was a harrowing interview. I found that the parents of an obviously much-loved son had had to go through the appalling circumstances of their son's death and the subsequent twists and turns that the officials involved in the case went through—in some cases, their actions were of a rather callous nature. I intend to lay that out for the Minister, whom I welcome to his position.

The details are simple. Simon died at approximately midnight—it is difficult to know exactly when—on 11 January 2007 after he fell between an outgoing train, which had some of his friends on board, and the platform at Gidea Park station. Since his death, Simon's parents and I have tried to ascertain how their son was able to fall between the train and the tracks, given the guidelines on the gap between trains and tracks. In the course of our investigation, it became apparent, which horrified me, that on the night of his death there had been a catalogue of errors involving National Express, Network Rail and, subsequently, the British Transport police and the rail accident investigation branch, about which I shall enlighten hon. Members.

Early on the morning of 12 January, three officers from the British Transport police broke the news of Simon's death to the Slade family. They began unbelievably insensitively. I wonder whether we can put ourselves in the position of the parents. The officers went to them and asked procedural questions, functional questions, without much regard to the fact that they were dealing with the death of their son. Then the officers put pressure on Simon's brother to go with them immediately to Simon's flat to search for a suicide note, so convinced were they that the incident had been some sort of suicide attempt. They left Mr. and Mrs. Slade in the position of having to cope with the tragic news, having told them that he had committed suicide, which they did not believe. What a shock.

When the officers returned with the other son, one of the officers compounded that crass behaviour by pretty much accusing Simon of committing antisocial behaviour on and around the railways tracks that evening prior to his death. Apparently, there had been a report of someone throwing stones at windows by the track. They had made their conclusions already and they told the parents pretty much that it was Simon's fault; he was messing around and trespassing. It turned out that they had got their cases mixed up and someone else had been trespassing, but they had made that assumption. That is one of the reasons why no immediate investigation took place: it was to do with a trespasser and they were convinced that they knew what the circumstances were.

What a way to behave. Let us put ourselves in the position of the Slades. As if it was not enough that they had to discover that their son had died in tragic circumstances, they then had to listen to strangers, officials, speaking in quite unbelievably strong official language, telling them that their son had been committing an offence at the time of his death and that anyway he was trying to commit suicide. What a great start to their knowledge of their son's death.

As a result of that inefficiency, Simon's death was not investigated by the rail accident investigation branch. It was not informed because it did not appear to be necessary to inform it at the time. It is incomprehensible that when subsequently the RAIB learned the details of the accident, it still chose not to conduct an investigation. When I asked the RAIB about that, its stated reason for not conducting an investigation was that it is required to investigate only serious accidents that have an impact on railway safety regulation or management. By the way, I think that all of that is relevant in this case.

I put it to the Minister that we should not get away from the fact that a young man's life was lost in an accident on a railway that could have been prevented, as he will discover. I am astonished that the RAIB did not see that as grounds to launch an investigation. In fact, what happened when I went to see representatives of the RAIB with the Slades would be almost funny if it were not tragic. They got in such a state about seeing the Slades that they had to be put in a separate room. They were not sure whether they could see the Slades with me or whether they should see me by myself. They were deeply uneasy about the idea of being confronted by the Slades—whose case this is. We went through an almost 1950s process of official language as excuses for not wanting to see them. In the end, I managed to resolve the situation, but it was absurd.

Clearly, the most dangerous times at a train station are, first, when a train approaches the platform and, subsequently, when it departs. However, despite that immutable fact, it appears that there are no guidelines or rules concerning commuter safety during that process for those manning the stations. They are literally not responsible any longer for that critical and dangerous period with regard to passengers.

It appears that, on the fateful night, the train dispatcher at Gidea Park, having signalled to the driver of the train that he could leave, believed that he had fulfilled his duty and was so intent on returning to his cabin as quickly as possible that he did not stop to watch the train out of the station. He went at a fairly high speed, I understand, back to the cabin and shut the door, even though, as he knew at the time, there were people still on the platform. Had he remained on the platform and seen the train go out, he would most likely have seen Simon fall, because it was while the train was moving that this set of circumstances was happening.

I understand that the dispatcher subsequently said by way of explanation—the Minister will no doubt know about this—that he was scared to be on the platform at night and wanted to get back to his cabin for his own safety. In the subsequent investigation and inquest, it turned out that his action on the night was covered, or should I say excused, by the fact that dispatchers do not have to watch trains out of the station.

Ironically, when the inquest jury and the coroner went to look at Gidea Park station to try to see how the incident had happened, the same official on the platform took particular care to watch the train in and out of the station, even telling members of the jury to stand back as the train approached and left. However, according to the rules that he is governed by, he is not meant to do that; he does not have to. The role of the dispatcher is steeped in confusion, so much so that the coroner got confused about what that role was. Dr. Elizabeth Stearns said:

> "The Inquest was led to understand that train dispatchers are supposed to watch the train until it has completely left the station and thus no longer presents a hazard…It would seem to me that the training of train dispatchers should…stress the need to observe all trains until they have completely cleared the station, and that this tragic accident could be cited in the training course to emphasise how important this might be."

That point has been made by the Slades on a number of occasions. However, in response to that and to the Slades, the RAIB expressly stated that the dispatcher is not required to do that. It does not believe that the dispatcher had any particular responsibility for the people who were on the platform that evening, regardless of the way the dispatcher subsequently behaved when the coroner arrived. I ask the Minister this question: would it be such an onerous task for a dispatcher on the platform to spend an extra 45 seconds simply observing what is going on and giving instructions, in a similar way to what we often see on the London underground? But no, that is expressly not required.

As a result, Simon lay on the track for a further 50 minutes before he was eventually found. He was still conscious at that point, although a further three trains had gone through the station, so how he was conscious is utterly beyond me. Let us try to imagine the horrific nightmare that his parents have to face—their son was lying on the track and three more trains came through before he was discovered. Had the dispatcher spent 40 or 50 seconds, or a minute between trains, to walk along the platform and have a look around, he would probably have heard the groans from Simon Slade who was lying there. If a dispatcher is concerned about his personal safety, that raises other issues for the rail company to deal with. However, what is the point of having somebody on the platform if that person has no duty of care towards the passengers—or customers as we are now rather pointlessly meant to call them?

The RAIB further stated that changing the responsibilities of train dispatchers would go beyond the duty that train operators owe to their customers. However, if something prevents injuries—or worse still fatalities—I would argue, as would anybody in their right mind, that it does fall within the obligations of the train operators. I am astonished that those companies, which owe their success and revenue to commuters, are unable to admit when they have been negligent and refuse to learn from tragic cases such as that of Simon Slade. We have hit a brick wall of refusal in almost every area.

It is clearly absurd that the training of dispatchers does not stress their duty of care towards the passengers who use that service, and I contrast that with the behaviour of London Underground, which I use a lot in the evenings. Surely, as a result of this incident, one thing that the Slade family have been fighting for should happen. At the very least, the "Station duties and train dispatch" rule book should be amended to include that duty of care requirement for all people dispatching trains.

Yes, Simon had been out celebrating, and I dare say that he had had a few drinks—that is why he chose to use the train rather than drive, which is what we are

[Mr. Iain Duncan Smith]

meant to do. However, one of the reasons given for not carrying out an investigation was that Simon had consumed a large amount of alcohol. That was a contrived excuse as it was pointed out that Simon's behaviour

"was not that which one normally expects."

I do not know which world the train companies are living in. Of course there will be people in train stations in the evenings who have perhaps been out celebrating and had some fun. Simon was by no means incapable—far from it—and his friends would testify to that. However, I am not in the game of trying to figure out how much he did or did not drink. My point is this: does the life of someone who has had some alcohol cease to be as important as someone who has not? It is an absurdity to make the excuse that because he had drunk alcohol and his actions were strange, the dispatcher did not need to be so careful. It is being used as an excuse for not carrying out a full investigation, as is the claim that he had been trespassing and that he had committed suicide. Rather than accept that they had failed in their duty of care, the officials have sought throughout to blacken Simon's name in front of parents. That is an outrage.

On visiting Gidea Park station, Mr. and Mrs. Slade noticed that there were no signs warning of the gap between the train and the platform. When Mr. Slade queried that, he was informed that National Express was under no obligation to warn commuters of the gap since the measurements were within the guidelines. The guidelines state—I looked this up—that a gap must not exceed 350 mm. The gap at Gidea Park was 355.6 mm. But who is counting? It is a ridiculously big gap. Why was no risk assessment carried out on that at the time? It is not good enough for the company to excuse itself by saying that it is under no obligation to warn passengers. Anybody who works at or goes to Gidea Park station knows that there is a big gap. Why does the company not put signs up and tell everybody? If the dispatcher was really sharp, he could tell people over a microphone

This is not a party political issue, it is an issue of common sense. Wherever possible, more must be done by rail operating companies to avoid fatalities and injuries being sustained by commuters. As I understand, 29 people were injured in 2008 alone, and basic changes such as increasing the number of staff on platforms, making cursory checks of the platforms and introducing better signage or a mechanism to reduce the gaps between trains and platforms should have been looked into. Even delivering an audible warning about the imminent movement of a train could prevent accidents from occurring.

I would like to commend the *Evening Standard* on its campaign for safer stations, which I utterly support. As a result of that, and perhaps because of some internal movement within the companies, both Silverlink and Chiltern Railways have increased the manning of their stations, which I applaud. National Express has utterly failed to do that. However, if companies increase the manning of their stations, they ought to introduce a duty of care or there will be little point.

There is no reason why the safety procedures that we see actively followed every day on London Underground cannot be duplicated to a larger extent at railway stations. When I began work for this debate I had a number of calls, one of which, sadly, was from a father who was concerned because his daughter had fallen into the gap next to the platform on 9 January 2009 at Clapham Junction station. She sustained only minor injuries as I understand that someone managed to hold her up, but how many other people risk their lives, or are unaware of the risks that they run, due to the lack of duty of care on behalf of the rail companies?

George and Jean Slade have asked for nothing more than for people to own up to where they have failed and to put the problem right. They started the organisation Mind That Gap to raise awareness of the spaces in between trains and platforms and the danger that they pose. They have not allowed the questionable treatment that they received—which was appalling at best—deter them from striving to ensure that no family has to go through the suffering that they have endured.

Having worked on this case for a considerable length of time, I must say how impressed I have been by the dignity and decency of two good people, Mr. and Mrs. Slade. They have been wronged. I will say that again—they have been wronged by the companies and officials who had a duty of care for passengers and ultimately for their son. What happened on that night should never happen again. Up to this day, the Slade family have yet to receive even an apology from any of the organisations involved in the case. It is time that those responsible owned up, stopped the backsliding and took responsibility for their failure to act.

1.47 pm

The Parliamentary Under-Secretary of State for Transport (Paul Clark): Let me congratulate the right hon. Member for Chingford and Woodford Green (Mr. Duncan Smith) on securing this debate and, importantly, on the words that he said about this sad incident. I would like to offer my condolences to the family and friends of Simon who, as the right hon. Gentleman said, died two years ago. Like other hon. Members, as a father I can only imagine the experiences suffered and effect that such tragic consequences have had on the Slade family. I genuinely understand their desire to ensure that it does not happen to other families and individuals.

Although these words may not be of great comfort to Mr. and Mrs. Slade, travelling by rail is one of the safest forms of transport. The investigation by Her Majesty's railway inspectorate concluded that Mr. Slade's death was an accident, and that was confirmed by the coroner's verdict of accidental death.

I will attempt to answer some of the points raised by the right hon. Gentleman. As a result of its thorough investigation into the circumstances of Mr. Slade's death, HMRI concluded that there was no breach of health and safety regulations. That investigation gathered evidence from witnesses and physical evidence from the scene, including CCTV footage of Mr. Slade's actions with his companions before the tragic accident. A separate investigation by the British Transport police and a case review by the Crown Prosecution Service concluded that there was no basis for bringing a prosecution. I realise that Mr. Slade's family will disagree with those decisions, but two organisations involved with safety, plus the coroner's jury, have concluded that this was an accident and that the railway companies were not at fault.

In his opening words, the right hon. Gentleman raised an issue about British Transport police and the way that this incident was initially handled directly with the family. I shall pass on those comments and follow them up to ensure that lessons are learned in the handling of tragic accidents. I shall raise that point with ministerial colleagues and the British Transport police, and find out whether lessons have been learned and steps taken to avoid such situations arising during what are very difficult times.

The accident was not initially reported to the rail accident investigation branch. It was believed that there was a trespasser and that they were one and the same. However, once it was established that that was not the case, the incident was reported to the RAIB, which has since written to the relevant parties reminding them of their duties in that regard. In April 2008, Mr. Slade's family contacted the RAIB about the accident. Having learned that the accident did not involve trespass, the RAIB conducted a preliminary examination of the incident to determine whether it should investigate. The conclusion of that examination, which included a review of the police evidence and the report from Her Majesty's railway inspectorate, was that an investigation by the RAIB was not appropriate as it was unlikely that it would improve the safety of railways and prevent future accidents. That conclusion would have been reached whether or not the reporting process had worked correctly.

I am aware that the actions of the train dispatcher on duty on platforms 3 and 4 at Gidea Park have been investigated, with the conclusion that he acted correctly. The dispatcher checked that passengers had finished boarding and alighting the service before giving the driver the signals to close the doors and then to move off once the doors had closed safely. It was not part of his duties, as set down in the railways rule book, to observe the train's departure from the platform. In any case, there is no means of quickly stopping a train in such circumstances.

Mr. Duncan Smith: The Minister makes the point that it was not within the dispatcher's duties, as set down, to observe the train's departure, and that anyway he might not have been able to stop the train and therefore the initial accident. However, Simon Slade lay there for a further 50 minutes. Had the dispatcher witnessed the accident, he might at least have been able to prevent what followed. A further three trains went through the station, which more than certainly ensured that Simon Slade died that night. That is an important point. Those rules should be changed so that dispatchers have to stand for an extra 45 seconds or so to see the train out.

Paul Clark: I understand the right hon. Gentleman's point. The Rail Safety and Standards Board considered a change to the rule book. I shall come to that in a moment.

No one saw Mr. Slade run down the platform after the train began to depart from the station, fall over and disappear down the gap. As a result, he was not found for a considerable length of time, which is deeply regrettable. The rules and regulations laid out for dispatching trains at Gidea Park and all driver-only operation trains make clear the systems, requirements and key operations in place. The train dispatcher and train driver are required to communicate with each other. The three key modes of indicating that it is safe to move away are: "train ready", "close doors" and "right away". The latter is communicated after the dispatcher has checked that people are not half on the train or caught in any way and that the train doors have closed. The "right away" signal gives the all clear to move when nothing further inhibits the train's departure.

In the Slade case, the coroner wrote to the RSSB after the inquest, inviting consideration of changes to the relevant part of the rule book concerning train dispatch. The RSSB is an independent industry body whose role is to facilitate the development of, and a consensus on, standards within the rail industry. It put the request to the relevant industry standards committee of experts, which considered it and decided that no action was appropriate at this stage.

The right hon. Gentleman referred to the gaps at Gidea Park and asked, "What is 5 mm? Who's counting?" Well, the investigation was. It found that the gaps at the station all fell within the standards laid out by part 2 of the railway safety principles and guidance, to which he referred. Precise measurements are laid out to determine whether a gap is acceptable. However, gaps between trains and platforms at stations are a safety necessity in their own right. They ensure that trains, especially those passing through at speed or larger freight services, do not strike the platform or affect passengers waiting for a stopping service. Industry standards and guidance recommend what the maximum clearances between platforms and the footplates on passenger trains should be, and Network Rail applies those standards when building new platforms or making significant changes to existing ones. As Her Majesty's railway inspectorate found, when investigating this case, the platform-train gap on platform 4 at Gidea Park fell within the accepted parameters.

I can assure the right hon. Gentleman and all those who read and listen to our deliberations that the railway industry is not cavalier about such sites and the issues to which we refer—gaps and required spaces and so on. Where there is a severe problem, the operators must take action to mitigate it, such as making warning announcements for passengers or marking the platform. We must remember that the gap at Gidea Park fell well within the requirements laid out in the safety regulations, so there was no need for a passenger announcement. Anyway, an announcement about minding the gap would have been for those alighting at the station, not for those getting on. Where mitigation measures are insufficient, the industry is required to make physical improvements, as it did at Southall before Heathrow Connect services were permitted to stop at that station.

Where possible, we have taken the option to have level access. Modern trams, the Jubilee Line extension, Heathrow Express and the docklands light railway all provide level access as they serve platforms dedicated to them, as will be the case in the tunnel section of Crossrail.

Every year, more than 2.1 billion passengers enter and leave trains on the Network Rail and London Underground systems. Taking the Network Rail figures for 2007, and London Underground's for 2006-07—to give a typical year—there were eight passenger fatalities involving moving trains and station platforms on those two networks. Six of these fatalities involved trains

[Paul Clark]

entering stations, and hence were not affected by the gap between train and platform. The other two accidents were the incident involving Mr. Slade and one at Haddenham on 13 February 2007, when a passenger got out of a train and then either lowered himself or fell into the space between the end of two carriages while the train was stationary. In the latter case, the coroner returned an open verdict.

Mr. Duncan Smith: I want to ask the Minister's opinion. He has told us what the independent body said about not changing the rules, but does he think that it is common sense to have rules that prevent the dispatcher from watching a train out of the station to check that the passengers are clear of it? In is own personal opinion, would it not be common sense to change those rules?

Paul Clark: Under guidance laid out in the rule book, dispatchers check that the train is clear to move off from the station.

In summary, I genuinely understand the concerns and depth of feeling about this case. I have made it clear already that we will take steps in relation to the British Transport police and keep under review the situation concerning railway safety—

2 pm

Sitting adjourned without Question put (Standing Order No. 10(11)).

Westminster Hall

Wednesday 21 January 2009

[MR. MIKE HANCOCK *in the Chair*]

Mountain Rescue Teams

Motion made, and Question proposed, That the sitting be now adjourned.—*(Mark Tami.)*

9.30 am

Dr. Brian Iddon (Bolton, South-East) (Lab): It is a pleasure to begin this debate under your leadership, Mr. Hancock. I expect that those who expressed surprise when I steered the Marine Safety Bill through in the 2002-03 Session will be equally surprised by the title of this debate. However, those who are not familiar with Bolton probably do not know that we have the west Pennine moors on our doorstep. It is an area of exceptional beauty and a recreation area for many of my constituents. Quite a bit of the area is in the constituency of my hon. Friend the Member for Chorley (Mr. Hoyle), who is unable to be with us today because he is serving on a Select Committee. I have checked the records and cannot find a previous Adjournment debate on this subject, so this might be a first.

When I submitted this debate for consideration, the Government were not sure—at least according to the Vote Office—who would make a response. I am very pleased to see the Under-Secretary of State for Transport, my hon. Friend the Member for Poplar and Canning Town (Jim Fitzpatrick) in his seat this morning, and he is very welcome. Some issues related to this subject cross a number of Departments. For example, the Home Office is responsible for some emergency services, especially the police, whom I shall mention quite a bit.

The Bolton mountain rescue team—I will call it the MRT from now on—is one of the finest in the country. I pay tribute today to the hard work of its volunteers and of all mountain rescue volunteers throughout the four parts of the United Kingdom. Bolton MRT has been ably led since March 1989 by Garry Rhodes, who was awarded an MBE last year for his mountain rescue work by Her Majesty the Queen at Buckingham palace.

Bolton MRT was founded in 1968, so it is now in its 40th-anniversary year, and mountain rescue celebrated its 75th anniversary last year. Some 56 mountain rescue teams operate under a central council in England and Wales, of which 11 are located in the Lake district. Although Scotland and Northern Ireland have their own teams and regional bodies, there is dialogue across the United Kingdom. Mountain rescue teams get called out to help with large-scale rescues and searches, especially in mountainous areas. For example, teams from as far away as the Peak district went to assist recovery at the Lockerbie disaster.

Since the emergence of the Search and Rescue Dog Association, the Bolton team is not called out as it used to be to large searches in north Wales and the Lake district. Its bread and butter work involves evacuating casualties from difficult-to-access or remote situations, and searching for missing people in urban, rural and moorland locations, which often have tragic endings. Occasionally, it is involved in body recovery work, too. It regularly works with the Blackpool-based north-west air ambulance helicopter, particularly when its operation is restricted or proscribed in situations such as low visibility, snow or darkness, or when it is unavailable.

Although most of the casualties that Bolton MRT deals with, especially in rural settings, suffer from relatively minor injuries, such as sprains or broken limbs, it often has to deal with more serious incidents involving mountain bikers, hang gliders, parapenters, off-road motor cyclists and other off-road vehicles, horse riders, aircraft, helicopters, hot air balloons and falls from heights.

Mr. David Curry (Skipton and Ripon) (Con): May I add cave exploration to the hon. Gentleman's list? In my constituency, which straddles the Pennine dales of Yorkshire, the Cave Rescue Organisation, which is based in Clapham, does what its name suggests as well as the Upper Wharfedale Fell Rescue Association, which is a more classical organisation. Both are very important, and I endorse the hon. Gentleman's remarks.

Dr. Iddon: I am aware that cave rescue is part of some mountain rescue teams' work.

Bolton MRT also assists during bad weather. For example, it rescues motorists from snow drifts, and it provides standby rescue cover at fell races, sponsored walks, mountain bike races, orienteering events and moorland fires. It has a comprehensive training schedule and is included in predetermining attendance at rescue incidents involving the Greater Manchester fire and rescue service along with the Oldham team. It is the only service in Greater Manchester capable of bringing down from tower cranes workmen who have collapsed or injured themselves, or rescuing people from other high structures such as pylons, high-rise buildings and even bridges.

Bolton MRT regularly searches alongside and within still and swift water areas, and all its members are adequately trained for such work and equipped with lifejackets. Within its membership is a cadre of well-qualified kayakers, canoeists and divers who are used in such searches and body recoveries. Since its formation in 1968, the organisation has become busier and busier as its reputation has spread. It has attended well over 100 incidents a year since 2003. In fact, 2003 was its busiest year, with a record 206 incidents attended.

Bolton MRT works very closely with the North West ambulance service. Ambulances have soft suspensions and cannot access victims on rough ground or go along farm tracks or moorland mountain roads. The MRT is equipped with stretchers that can be used to carry victims long distances over rough ground, unlike the ambulance service, which is not so well equipped. Despite the excellent relationship that Bolton MRT has with the statutory emergency services of Greater Manchester and the county of Lancashire, there are some problems regarding its operations, which I hope that the Minister will take away for consideration and action.

While MRTs are effectively category 1 responders, they are not classified as such under the Civil Contingencies Act 2004, which puts them at a disadvantage when it comes to debriefings following major emergencies or planning for future emergencies. They use blue lights in attending emergencies, but the legislation is not clear on the legality of that use.

Mr. Julian Brazier (Canterbury) (Con): Does the hon. Gentleman agree that that is an example, which goes back a long way before the 2004 Act, of volunteers consistently getting a lower priority and a lower place at the table than paid professionals?

Dr. Iddon: Yes, I agree with that statement.

The Mines Rescue Service, coastguards, bomb disposal and RAF mountain rescue teams are all named services for the use of blue lights and sirens. However, I understand that a statutory instrument will be brought before the House in April this year to correct the anomaly, and I hope that the Minister will confirm that today.

Bob Spink (Castle Point) (Ind): Since the hon. Gentleman has mentioned the RAF mountain rescue service, may I tell him that I worked with such a team way back in the 1960s? I have worked on mountain and cave rescue both in and out of the RAF. The whole point is that people should go down caves and use our mountains more, but they should do so responsibly. They should always go properly equipped and dressed, and they should always leave decent instructions as to what their intentions are, which makes things safer for everyone.

Dr. Iddon: Indeed. I agree with that. Bolton MRT does an enormous amount of work trying to educate young and old people alike on that very point.

When I last met leaders of Bolton MRT, it had 45 volunteer members, of whom 15 are classed as response drivers, who have been trained in high-speed, blue-light and siren driving by the Greater Manchester police and assessed during at least two emergencies on blue light and siren response by a Bolton MRT member who worked for many years as a police traffic inspector. Unfortunately, GMP has now withdrawn this training as it considers that it may be legally liable for the actions of Bolton MRT members who have attended its courses.

High-speed training courses are available commercially, but at a cost of £800 per driver. They require the volunteer to take four or five days off work with a consequent loss of earnings. It is not clear whether such courses meet all the requirements of the current legislation. To increase its profile, promote safety in the hills and raise money, members of the Bolton MRT give many lectures to a variety of organisations, which are attended by people of all ages, and they organise a lot of fundraising events. In addition, they attend a weekly evening training session and frequent weekend training events. A considerable commitment is required from MRT members, which makes recruitment and retention difficult. In the past, volunteers have been recruited from the uniformed youth services, such as the Sea Cadets, and the scouts and guides movements, but there are falling numbers in those services, which is an added problem.

Bolton MRT has the benefit of insurance provided by GMP and the Lancashire constabulary, but there are inconsistencies in the provisions and administrative burdens for all concerned. It would make sense for the Government to consider blanket insurance cover for MRTs in England and Wales, if not the United Kingdom, but the situation is better in Scotland.

On financing, Mountain Rescue England and Wales, which estimates that MRTs save the Government £6 million a year by providing a free emergency service, receives only £33,000 annually. That money comes from the NHS, but little of it can be handed down to individual MRTs. Bolton MRT is fortunate that it is provided, free of charge, with an excellent headquarters and garage by the North West Ambulance Service NHS Trust and with further garage facilities by the Greater Manchester fire and rescue service.

Bolton MRT has four Land Rovers, which are manned when it is snowing heavily in case local ambulances cannot reach some of the addresses to which they are called out, and three trailers, which provide a control room, a catering resource and equipment transport. Each Land Rover needs replacing approximately every 10 years. GMP helps Bolton MRT to replace its vehicles through their fleet purchasing scheme, which results in quite a saving, but the bulk of the vehicles' costs must be raised from big funding schemes, such as the lottery.

In lieu of its fuel expenses, Bolton MRT receives £1,000 from GMP. I understand that in Scotland, St. John Ambulance supplies one vehicle to each MRT. If the Government decide to go ahead with their new Driver and Vehicle Licensing Agency banding scheme, and unless exemption is given to all rescue services, including MRTs, there will be additional costs to the service.

GMP has taken responsibility for the provision of most of Bolton and Oldham MRTs' radio equipment, which needs replacing at approximately 10-year intervals at a cost today of about £25,000. Yesterday, I was pleased to receive an e-mail from Ofcom that informed me that it has no plans to impose charges on MRTs for the use of their radio channels, nor do the Government plan to change the funding structures that support the sector.

Bolton MRT has calculated that it saves the police between £2,000 and £3,000 for each search call-out, which are mostly for children or vulnerable adults in urban areas. That is estimated to save GMP £1.2 million in a decade. The running costs of Bolton MRT are, roughly, £20,000 to £25,000 per annum, which is partly covered by small and large donations, often from people who have been rescued, and sometimes from bequests. The cost of weather-proof clothing alone is £15,000. Members of Bolton MRT actually pay a £100 membership fee, which I found astonishing, and they often contribute to the cost of their own uniform clothing. They receive no imbursement for the fuel that they use in their own vehicles when on MRT duties.

When MRTs purchase equipment, they pay VAT. Will the Minister please consider the possibility of waiving VAT for rescue services? There have been discussions on that between Mountain Rescue England and Wales and the Treasury—the hon. Member for Westmorland and Lonsdale (Tim Farron) has been involved in those negotiations, and I am sure he will tell us about them.

In Wales, each MRT is provided with basic equipment. In Scotland, the importance of MRTs in attracting tourists to the country has been recognised, and each MRT receives a grant of £22,000, which is distributed through local police forces. There are therefore regional variations in how MRTs work and how they are funded. Mountain Rescue England and Wales holds the view that it should be granted central funding for distribution to individual MRTs, but that view is not held in all quarters of the movement. MRTs would welcome relief from the burden of fundraising, but the approach needs to be adapted to local circumstances, because, as has been mentioned, some undertake cave rescues, for example. MRTs value their autonomy, because their training and equipment requirements need to be adapted to local needs. Other well known rescue organisations, such as the Royal National Lifeboat Institution, operate nationally from a centrally organised headquarters.

There is also discussion within the MRT movement about its role and that of the national bodies. Obviously, in a mountainous area, an MRT's primary role is to rescue people who get into difficulty in the mountains. However, even in mountainous areas, MRTs are routinely deployed to other incidents. For example, MRTs, mainly from the Lake district, played a major role at the scene of the Grayrigg derailment in command and control, in marshalling, landing and loading helicopters, in stretcher handling and even in searching for the casualties over quite a wide area, sometimes in the dark. Because of the failure of the normal telecommunications system, Lake district MRTs provided a 999 radio network for days after the Carlisle floods, and MRTs have been involved in dealing with flooding in Sheffield, Gloucester and Boscastle.

There is also discussion among the general public about who should pay for rescues. Should those who engage in dangerous sports or activities be forbidden from taking part without adequate insurance that would cover them not only in case of injury or, worse, death, but in the event that they need rescuing? However, most MRT call-outs involve people whose activities are not regarded as dangerous—they are ordinary people who go out on the fells or moors for a walk.

I hope that the debate has highlighted the excellent and necessary work that MRT volunteers carry out—it is of great benefit to many communities throughout Great Britain. We thank them for their courage and dedication and for the time that they devote to mountain rescue.

I am sure that the debate will demonstrate that the Minister has many questions to answer. If we are to continue to have MRTs, we need to consider proper funding. We need to protect MRT volunteers from prosecution and to ensure that they are properly insured and covered by the appropriate legislation. I look forward to hearing the contributions of other hon. Members.

9.47 am

Hywel Williams (Caernarfon) (PC): May I begin by congratulating the hon. Member for Bolton, South-East (Dr. Iddon) on securing this important debate? It is particularly timely in respect of events in my constituency, because we have had a number of incidents. About 12 days ago, not only were people rescued off a mountain, but a number of the team were injured in the process—I will return to that in a moment.

My constituency covers large parts of Snowdonia, or Eryri as I call it, including a large part of Snowdon, or Yr Wyddfa, including the summit itself, a distinction that I share with the hon. Member for Conwy (Mrs. Williams). It also includes a long sea coast from the Menai strait and around the Llyn peninsula. As such, the area provides unrivalled opportunities for outdoor activities of all kinds within a small geographical area. However, therefore we have frequent accidents and emergencies. Thankfully, we also have frequent rescues, because Llanberis MRT is located in my constituency. Many of the team are constituents of mine, and some of my constituents are members of the Ogwen team in the hon. Lady's constituency.

As has been said, MRTs perform a vital life-saving role. I say that with gratitude, because I am a walker—unfortunately, alas, not as frequent a walker as I was before I was elected. The mountain rescue team in my constituency, as elsewhere, works closely with helicopters, based in RAF Valley—I am glad that the headquarters was moved to Valley recently, by the way—and has a great deal of expertise, gained over many years of rescue work in the mountains. There is also a great deal of expertise in Ysbyty Gwynedd in Bangor, where injured people are regularly treated.

Although mountain rescue teams are voluntary, they deserve support from the public and, to an extent, public support, as the hon. Member for Bolton, South-East pointed out earlier. I say "to an extent" because one of the most striking things about mountain rescue teams is their voluntary nature. They comprise people with a fundamental and passionate love of the mountains and a commitment to helping their fellow walkers and climbers. The voluntary nature of mountain rescue teams means that they are not only of the community but in it, which can only help in their work recruiting new members. I am certain that that should not be compromised by too much public intervention in their funding, but they need and deserve public support, perhaps supplementary public support, so that their energies are not unduly diverted to the secondary task of fundraising to pay for over-burdensome duties and taxes.

Tom Levitt (High Peak) (Lab): The hon. Gentleman is right that fundraising is an important way for teams to connect with their communities, but are his mountain rescue teams finding, as those in the Peak district are, that in the current economic climate, both corporate and personal donations are harder to get hold of in the same quantity? The fall in interest rates means that income on savings is falling as well, putting an extra stretch on team resources.

Hywel Williams: The hon. Gentleman is entirely correct. It is a dilemma facing so much volunteer activity. Clearly something needs to be done. My first question to the Minister is the one already posed: what consideration is being given to making financial concessions to mountain rescue teams? It seems wrong to me—and, I am sure, to other hon. Members—that the state should cream off a substantial amount of their hard-won funds in taxes and duties. Surely a way could be found to reduce VAT rates. I know that European regulations allow for a reduction to 5 per cent. Some goods, such as children's clothes, are rated at zero, but 5 per cent. VAT would be a good reduced rate on vital equipment. Fuel duty, which has been mentioned, could also be reduced.

On Monday, I had the pleasure of meeting the Welsh Minister for Culture, Media and Sport, who told me that the Welsh Assembly Government make a small grant to mountain rescue teams in Wales. We should be thankful for that, but we also know that the Scottish Government make a somewhat more substantial grant to mountain rescue teams in Scotland, recognising not only their humanitarian contribution but their vital contribution to safety in the mountains and to the eventual economic good of mountainous regions.

[Hywel Williams]

There has been a good deal of publicity in the past few weeks about rescues carried out by the Llanberis team on Yr Wyddfa, or Snowdon, on the Pen y Gwryd track. As a result of those efforts about 12 days ago, not only did the team rescue a large number of people, but eight team members were injured after being blown over by the incredibly high winds up there. I am sure that we are all glad to pay tribute to their grit and bravery. All mountain users owe them a debt of gratitude. Those feats of bravery were accomplished in the teeth of the most severe weather conditions. Indeed, they were necessitated partly by the extremes of weather in Snowdonia, or Eryri.

It is no accident that the 1953 Everest expedition trained in Eryri, where the rain and wind, as well as the snow and ice, provide the most testing of conditions. That, I suspect, is one of the reasons why rescues are such a regular feature of life in my constituency, and that is why fatalities unfortunately occur, although they are, thankfully, much less frequent now. Seemingly benign conditions in the valley floors can suddenly turn into driving rain and penetrating wind higher up, and can even prove fatal. That can easily catch out casual walkers, even in summer and even those with proper equipment. Equipment these days is so much better than when I first took to walking, but even with the best equipment, people can be caught out.

I suspect that people caught out are often those who have travelled quite far to reach the mountains and who may be tempted to think, "Well, since I've come this far, I might as well take a bit of a chance and go up." I understand that a substantial portion of mountain rescue call-outs involves people who are lost or stressed, perhaps after a long day out in unfamiliar circumstances. Often they are not in organised groups and, as the hon. Member for Castle Point (Bob Spink) said, have not given proper information about their intentions. They are often returning home in the late afternoon, perhaps bedraggled and over-tired, often with lower leg injuries. As we all know, coming down is as testing as going up, and possibly more.

What is being done to educate and inform walkers about what precautions they should take? I confess that I do not watch a great deal of television, but I cannot remember the last time I saw public information advertisements or a public information film telling people what care they should take before walking, scrambling or climbing. What public information steps could the Government take?

On the involvement of local people in outdoor activities, the training of others and the eventual provision of new recruits to mountain rescue teams, in the past—at least in our area—many people who participated in mountain activities were not of the area. When I was a student many years ago, I took a day off to walk up Yr Wyddfa—Snowdon—on the interesting Grib Goch route, which some here might know. As I was coming down, the weather was not good and I was very tired, so eventually I turned in to the pub at Nant Peris for a quick pint. [HON. MEMBERS: "Surely not."] Anyway, in I went, and there was a friend of mine, a fellow student, in the bar. He said to me in Welsh, "What are you doing here?" I said, "I've just been up Grib Goch, to the summit of Yr Wyddfa." He looked at me quizzically and said, "What do you want to do that for?" He could not understand why anyone would want to climb the mountain as a leisure activity. That is not surprising.

In the past, the mountain has all too often been associated with hard, back-breaking work in the quarry or on the farms, so it is not surprising that local people would not be involved with mountain activities. I do not often come here to the workplace on a Saturday, and in the past, neither would they. However, times have changed, and the mountains offer a great deal of business and employment opportunities as well as leisure activities.

I am glad to say that my local authority, Gwynedd county council, has a strategy to involve, inspire and support local people in getting involved in outdoor activities, receiving training and entering the field professionally. Training opportunities should be improved and better tailored to the needs of people who want to become involved, who are, after all, the potential recruits for mountain rescue teams. I hope that I am not straying too far off the subject, Mr. Hancock.

I have a case in point, the Dringo'r Waliau or Climbing the Walls project, whose report I have here. It provides tailored training for unemployed women over a long period so that they can take mountain qualifications, become employed and eventually become potential recruits for mountain rescue teams. The project is supported by the Rank Foundation with substantial amounts of money, and it is accepted by everyone as a worthwhile project. However, it does not fit into Department for Work and Pensions and Jobcentre Plus rules for training, as it is tailored to the women's individual needs and is a slow project spanning four or five years. I appeal to the Minister to reconsider the opportunities for people through projects such as Dringo'r Waliau, because one of the women involved, unfortunately, must now make herself available for work and therefore will probably not be available for training.

I will close with another little story. Some years ago, I had the unforgettable experience of visiting Yosemite valley in California. As we all know, the valley is a wilderness and the park authorities there work very hard to keep it as a wilderness, because of its unique heritage. I walked with the head ranger and he told me that there are very severe restrictions on the use of modern conveniences, such as four-wheel drive vehicles and helicopters. In fact, he said that there are some supporters of Yosemite who hold the view that, if somebody is injured in the valley, they should be brought out on muleback, as they were in the 19th century. Thankfully, we do not go that far in Snowdonia or any of the other national parks throughout Wales and the rest of the UK.

We have highly committed and well equipped mountain rescue teams, but they come at a cost. I am sure that we would all agree, and I hope that the Government also agree, that more support should be given to this very worthwhile service.

10 am

Mrs. Betty Williams (Conwy) (Lab): It is a privilege to conduct this debate under your chairmanship, Mr. Hancock.

I congratulate my hon. Friend the Member for Bolton, South-East (Dr. Iddon) on securing the debate and on the manner in which he and others have outlined both the service provided by the many mountain rescue teams in the UK and the difficulties under which that volunteer service operates.

North Wales has some of the most attractive and challenging landscapes in the UK. As a result, it was used to train those involved in the successful 1953 assault on Everest led by John Hunt, who later became Lord Hunt of Llanfair Waterdine. My constituency of Conwy has one of several mountain rescue teams active in that area, the Ogwen Valley Mountain Rescue Organisation, or OVMRO, which is not the easiest of abbreviations to pronounce; it is certainly not as easy as the abbreviation that my hon. Friend mentioned in his speech. I challenge hon. Members to try pronouncing OVMRO.

The OVMRO team was founded in 1965, so we beat the team mentioned by my hon. Friend by three years, and it was the first in north Wales to be set up in an organised manner. I was a young councillor then, revelling in the early flush of the Harold Wilson Government, after "13 years of Tory misrule". So, in 2005, as the Member of Parliament for Conwy, I felt greatly honoured to be invited to the team's 40th anniversary, which I must acknowledge to be one of the most pleasurable of occasions in my period as MP for the Conwy constituency. I should add that I am also a patron of the support group for the team. Have no doubt: these volunteers are a special breed of citizen. To be with them is to experience something really different. The only comparison that I would offer would be to spend time with another special breed, the slate quarrymen, who were central to my upbringing.

What mountain rescue teams undertake in their rescue work is a mark of respect for those who believe in the value of communing with nature in the mountains. At times, however, that act of communing with nature may offer challenges that some people cannot meet. The members of the teams are not judgmental; they empathise with and recognise the fallibility of the human form. They also respond and do what they can. Mostly, they succeed and help people or rescue them. Of course, sometimes, as we have heard, they fail. However, when that is the case, I believe that they bring to the families of the bereaved the recognition that everything possible was done to save their loved ones.

The mountain rescue teams undertake their activities without financial reward; they are simply volunteers. In England and Wales, they receive very little Government support. Is that right? I think not.

Nevertheless, OVMRO has extended its rescue activities to include water incidents. Those incidents are twofold. First, many of the rivers in the area that the team covers include the most challenging sections of water for canoeists. As we all know, the last decade has seen the team called to an increasing number of incidents involving canoeists. Secondly, in recent years the team has attended a number of flood incidents in the Conwy valley, following heavy rainfall. As a result, it has developed a water response capability, including special clothing, equipment and training, and it is the only team in Wales to do so.

OVMRO responds to the developing interest of the public in challenging outdoor pursuits. I am sure that the Minister will recognise that a Government who seek to develop the good health of the nation across the generations must also recognise that outdoor pursuits can entail risks and that the bodies that enable those Government policies to be developed themselves need to be supported. OVMRO is such a body, as are all the mountain rescue teams in the UK.

I extend an invitation to the Minister to visit my constituency, in particular the Ogwen valley. If he comes, he will see mountains such as Tryfan, the Glyderau and the Carneddau. I believe that such landscapes are far removed from the landscapes of his own constituency. However, I am also aware that the Minister spent his early years in Glasgow, within easy reach of Loch Lomond and the Trossachs, which is another area of outstanding beauty and, of course, challenge. Therefore, I am confident that he will recognise my argument that those who support people who venture into the mountains themselves deserve support from our Government.

This is not the first time we have raised the issue—far from it. As has been mentioned already, in Wales, the mountain rescue teams benefit from a small grant for equipment that is made by the Welsh Assembly Government and I know that the teams are appreciative of that grant. However, I am told that in Scotland an annual grant of up to £500,000 is made by the Scottish Parliament to the Mountain Rescue Committee of Scotland and that that money is used to pay some of the costs of running team bases, vehicles and equipment. I understand that in England there is no money forthcoming from central Government for mountain rescue, apart from a very small amount, as has been mentioned by my hon. Friend the Member for Bolton, South-East.

The Minister will no doubt be aware of the all-party group on mountain rescue and search teams, of which I am the vice-chair. Officers of that group, including myself, met the then Prime Minister, Tony Blair, on 14 March 2007 to pursue the matter of funding, which we are discussing this morning. At Prime Minister's questions, I asked him:

> "My right hon. Friend will recall meeting representatives of Mountain Rescue England and Wales…Will he find time during his final days in office to review its request for public funding similar to that available in Scotland? If he is unable to resolve the issue, will he ensure that the request is in the in-tray of our right hon. Friend the Member for Kirkcaldy and Cowdenbeath (Mr. Brown)?"

He answered:

> "I can assure my hon. Friend that, as I explained to those representatives when I met them, I will take a close interest in this issue right up to the time of my departure. It is a very live issue that we are considering."—[*Official Report*, 20 June 2007; Vol. 461, c. 1373.]

As far as I am aware, there have been no further developments since then. I hope that the Minister will be able to offer reassurance that, in the words of the then Prime Minister, this remains a "live issue". Perhaps he will also be able to offer information about progress.

There is a further issue on which I hope the Minister will be able to provide assurance. He may be aware that Mountain Rescue England and Wales has had concerns about possible charges for the use of radio frequencies. These concerns have been partially allayed—I choose my words carefully, saying they have been "partially allayed"—by Ofcom, which has indicated that there should be no charges. However, I understand that concerns remain that, as Ofcom charges the Maritime and Coastguard Agency, the MCA may pass on those charges to mountain rescue teams. Clarification on that matter would be most welcome. There is the potential for an additional burden on that volunteer organisation.

[Mrs. Betty Williams]

In deference to the Minister, who may feel that these are sufficient issues to be raised by one Member, and because I am looking at the clock, I will stop now. Thank you, Mr. Hancock.

Mr. Mike Hancock (in the Chair): That is very good of you, Mrs. Williams. I would be grateful if all Members remembered that we would like to start the wind-ups at around 10.30 am, to give the Minister and the two party spokesmen an opportunity to speak, and that they could keep their comments to about the length of the speech by Mrs. Williams.

10.9 am

Tim Farron (Westmorland and Lonsdale) (LD): It is a pleasure to serve under your chairmanship, Mr. Hancock. I pay tribute to and thank the hon. Member for Bolton, South-East (Dr. Iddon) for securing the debate. In doing so, he does an enormous service to the House and, indeed, to mountain rescue teams and all those who rely on their services throughout the country.

My constituency contains a large chunk of the Lake district, the western part of the Yorkshire dales and many other mountainous areas in between that are not so designated but are still incredibly attractive. Those areas contain challenging terrain, not to mention several inland waterways, including Lake Windermere and Lake Coniston, where there is often a need for rescue services. In my constituency, and in those of many hon. Members who are present, mountain rescue is part of the fabric of society. People who are involved in it are also involved in work and other activities, and word is passed on as a consequence. They are very visible. As one drives into Ambleside, for example, one sees on one's right the headquarters of the Langdale-Ambleside mountain rescue team. It is something that we are all aware of in our part of the world.

Mountain rescue teams across England and Wales have saved a good 20 lives and have aided a further 2,000 people in recent times. Many of those people—possibly the majority—will not have been from the areas that we represent, although we warmly welcome them, but will have been dwellers of more urban constituencies. Therefore, this matter is relevant not only to the minority of rugged parliamentary constituencies, but to the whole country. I reiterate the point that the hon. Member for Bolton, South-East has made: if those services had to be replicated by the statutory services, it would cost the Government about £6 million a year to provide them. On a hard, financial level, that is what we owe the mountain and cave rescue services. In reality, of course, we owe them much more.

As we have heard, mountain and cave rescue teams deal with an ever-widening range of emergencies. Rescue in the uplands is a major part of what they do, but they also assist the police in looking for missing, vulnerable people. In my part of the world, searching for evidence after a crime is also a major part of what they do, as are rescues on inland waterways. I joined the Langdale-Ambleside mountain rescue team at Waterhead, at the north end of Windermere, not long ago, as it unveiled its new piece of kit for rescuing people on the lake.

The team is involved in a range of different activities and skills, including giving advice about outdoor events, some of which are challenging. I am grateful not to have had to rely on mountain rescue, so far, to be rescued. I am an enthusiastic, although 10th-rate, fell runner, as some hon. Members will know, and I have been grateful for the presence of mountain rescue teams at events to give advice and ensure safety. Last October, I took part in the Coniston trail, the course of which was changed following advice from mountain rescue. Those people know better than anyone else which risks are worth taking and which are not. They are not massively risk averse, and they understand that some people get involved in challenging activities, but they have the expertise to make the call on which risks are worth taking and which are not.

As we have heard, mountain rescue teams are increasingly involved in flood rescue operations and in assisting ambulance services where there is difficulty in accessing patients. I want to make a brief repetition regarding the Grayrigg incident, which happened nearly two years ago in my constituency. Mountain rescue teams were the first on the scene at that tragedy, which was unbelievably bewildering and appalling, and happened without warning in a dark and rural area, to which the nearest village was the best part of half a mile away. People were utterly bewildered, got injured, and there were difficult circumstances. The only people who had the equipment to get there on time and to make a difference were the mountain rescue team. For their troubles, however, the Government take from mountain rescue teams, on average, £143,000 a year in taxes.

Those teams value their independence. To draw an analogy, although not a perfect one, they are comparable to the hospice movement. They want to remain independent, and that is quite right. This is not a call for them to become a statutory service, but it is quite another thing for the Government effectively to fail to provide any support for such an outstanding service.

We have heard that the Scottish Government pay, on average, £400,000 a year in grants to the 26 mountain rescue teams in Scotland, and that the Welsh Assembly Government make a small grant available to the 13 teams in Wales. Many of us have been calling, for some time, on the UK Government to make a serious contribution to our mountain and cave rescue teams, who have been providing essential rescue services across the country for more than 60 years.

Currently, the only way in which the Government assist mountain rescue teams is through the gift aid system, but I give to mountain rescue by chucking coins in the pot when the Kendal mountain rescue team is rattling its bucket outside the birdcage in Kendal, or in the marketplace in Ambleside. Much of its funding is from flag days, tin rattling and the like, and it cannot get gift aid back on that, so that is not much of a concession. It is helpful, but it does not fill the gap that is created. We have a ridiculous situation in which mountain rescue teams are effectively being charged for providing rescue services that they provide free of charge. That is unjustifiable nonsense due to an historical accident. I do not claim that there is malice on the Government's behalf, but surely it is time that that nonsense was corrected.

The charges incurred by mountain rescue include paying vehicle excise duty on essential 4x4s for reaching stricken climbers, and paying VAT on essential equipment such as ropes, climbing gear, clothing and boots. Given the varying terrain in which team members work, they need three or four pairs of boots and a variety of different clothing and waterproofs, bearing in mind the vast range of weather conditions in which people work between ground level and up to 3,000 ft. As we have heard, vital life-saving communication equipment is not always exempt from taxation. Teams also have to pay, out of voluntary donations, for national personal accident insurance policies for team members. Even lighting and flares, which are essential to rescue operations, can be subject to VAT.

The 56 teams in England and Wales paid at least £75,000 in tax last year alone for the items that I have listed, but when one adds one-off equipment such as vehicles and specialist clothing, the sum is more like £200,000 in a year. Is not it outrageous that we expect a charity that is run by immensely skilled and dedicated volunteers to pay for the privilege of saving lives? I think of the irony of the Kendal mountain rescue team being situated on Busher walk in Kendal, cheek by jowl with the ambulance and fire services and the police—those three statutory services do not have to pay such taxes, while the mountain rescue team does. Mountain rescue's maritime equivalent—the lifeboat services—are rightly exempt.

On VAT, Treasury Ministers have indicated their sympathy in the past, including the previous Treasury Minister, now the Minister for Local Government, the right hon. Member for Wentworth (John Healey), and the current Exchequer Secretary to the Treasury, the hon. Member for Wallasey (Angela Eagle). The right hon. Member for Wentworth indicated, in a letter to me in 2006, that the Treasury was on the verge of committing to help out, at least with vehicle taxation, which is well within the Government's powers, but no action has been taken. I confess to being a little frustrated about that.

The Government have allowed themselves to get bogged down in EU rules, saying that there are restrictions to prevent them from waiving VAT rules and other taxes. However, where there is a will, there is a way. I have been working with mountain rescue in England and Wales, and we have approached the Commission to establish what leeway the Government have. I pay tribute to Stewart Hulse from mountain rescue in my constituency—another MBE—who has been leading the way in that matter. In response to our inquiries, Commissioner Kovács's office has shown that matters are not so clear-cut, because our mountain rescue operation is unique in Europe, which means that there is scope for the Government to make exemptions on VAT. The UK has the only mountain rescue service, in England, that is not statutory, and the only one that does not charge for its services in some way. The Commissioner's response, which I am happy to share with the Minister, reveals that there is about to be a review of VAT. I request that the Minister intervenes and calls on the Commissioner to allow an exemption.

I request that the Minister supports the bid, through the Commission, to seek an exemption to allow mountain rescue a fair deal—I know that I have to wind up, and I apologise—because that would be pushing an open door. The change would cost the Government only £200,000, which would be a drop in the ocean to them, but would be a massive vote of confidence in our mountain rescue services. That would make sure that we have a service that is committed to saving and rescuing people in the years to come.

Mr. Mike Hancock (in the Chair): I do not think that you were pushing an open door there, Tim; you were pushing your luck.

10.20 am

Tom Levitt (High Peak) (Lab): I, too, will be brief. In July 2007, I was up in the Peak district hills between Mam Tor and Rushup Edge. I was near the top of a large slope and found myself incapacitated. I was trapped in a gully from where I could see the valley laid out before me, and during the hours that followed, 24 members of Buxton mountain rescue team were mobilised. They set up communication headquarters and catering, and I could see them scouring the valley with their dogs. They were looking in an expert way for clues and using their knowledge to establish where I might be hidden. When they eventually found me, I was given a thorough medical check-up, counselled by people who knew what they were doing and taken out on a stretcher. Fortunately for me, I was a volunteer victim. I had no injuries and I had offered my services for a training session for Buxton mountain rescue team. Fortunately for them, my efforts that morning raised £1,600 in sponsorship and I recommend that every hon. Member in the Chamber follows that example.

However, £1,600 is a drop in the ocean. The Buxton mountain rescue team alone costs £34,500 a year to operate, and along with the team based in Edale, which is next door, it is one of the busiest mountain rescue teams in the country. That is not surprising. The Peak district has 22 million visitors a year and if only a small proportion of them get into trouble on the hills, teams might still be called out several hundred times. The teams are made up of a group of incredibly dedicated and skilful volunteers, and my experience showed that many different types of skills have to be used and co-ordinated. When I was rescued, it was an unearthly hour on a Sunday morning, but sometimes rescues are at night and in poor weather conditions. Even in the Peak district, people sometimes have to deal with death as part of their voluntary activity or help those who are perhaps experiencing the death of a loved one up on the hills—whether from an accident, a heart attack or whatever.

Mountain rescue teams do not just need our respect; they should be shown that respect with a much more generous funding regime. As I hinted in my intervention, those services are being squeezed, and that is not just for taxation reasons, as the hon. Member for Westmorland and Lonsdale (Tim Farron) said. In the words of Ian Hurst, the chairman of the Buxton mountain rescue team:

> "Street collections in Buxton and Castleton this Xmas have not been as fruitful as previous years…due to there being less money around and the public being unwilling to give to charity, which as the recession bites, will only worsen. The dramatic reduction in the banks interest rates to savers is also hitting us. Companies we approach are not willing to support us when they are making their own employees redundant, which is understandable. We are managing our financial resources very well and Buxton MRT will continue to provide a first class service to our communities next year, but funding that will become very much more difficult."

At such a time, we need to redouble our efforts to try to meet some of the demands that other colleagues have made this morning.

I do not want to go into much more detail, apart from to say to the Minister that over the years, I have tabled many parliamentary questions on the subject of

[Tom Levitt]

mountain rescue. Some of those have gone to the Home Office; some have gone to the Department for Communities and Local Government; and some to the Department for Environment, Food and Rural Affairs. I do not remember tabling any questions for the Department for Transport, but it might well be that I did. Local authorities, police authorities and others are supportive. However, we cannot rely on local authorities because the Peak district, for example, falls under four different Government regions. There is no single region that can take responsibility for the mountain rescue at that level. With all due respect to my Front-Bench colleague, I would like a Minister to have mountain and cave rescue specifically as part of the ministerial remit. I do not care in which Department the Minister is, but it would be nice to know that we had one champion on these issues in the Government.

My colleagues have made powerful points about funding specifically and generally. I am grateful to my hon. Friend the Member for Bolton, South-East (Dr. Iddon) for securing the debate, and I thank him for doing so. I shall let my right hon. Friend the Member for Stirling (Mrs. McGuire) finish the round.

Mr. Mike Hancock (in the Chair): Thank you, Mr. Levitt. I am disappointed; I thought you were worth a lot more than £1,600.

10.24 am

Mrs. Anne McGuire (Stirling) (Lab): It is fair to say that with the current opinion polls, the hon. Member for High Peak (Tom Levitt) is probably worth considerably more than £1,600 to the Labour party.

I shall make a brief contribution because, as my hon. Friend the Member for Bolton, South-East (Dr. Iddon) has said, there are few occasions when we get the opportunity to discuss mountain rescue teams in the House. Although some of the issues raised are very much to do with the situation in England and Wales, there are some generic issues that I would like to mention.

My constituency is Stirling and, as my hon. Friend the Member for Conwy (Mrs. Williams) said, we have the Loch Lomond and Trossachs national park, the Ochil hills and the Campsie fells, which border my constituency. Within my constituency we have what I would call the lower highland ranges, stretching from Callander to Tyndrum, before we move into the higher mountains of the highland regions. I am sure that the Minister is aware of some of those areas, given where he grew up.

It is fair to say that it is not just Stirling folk who climb the hills in the area; it attracts people from all over the country. Indeed, many mountaineers and hill walkers from Scotland travel to other parts of the United Kingdom to walk hills, which is why it is important that we have a UK perspective on the issue. Hill walking and mountaineering is seen as part of the mainstream of activity in Scotland, so much so that the BBC on a Saturday morning in Scotland issues a weather forecast specifically targeted at hill walkers and mountaineers. I do not know whether that is replicated in other parts of the country—*[Interruption.]* I see that colleagues from Wales are saying that it is.

We should not lose sight of the fact that mountain rescue teams are made up of volunteers. They safeguard their independence and want to continue to provide the support that is necessary for what is a massive tourist attraction, in my constituency and in other parts of the country.

On safety, it is interesting to note that, in Scotland, research has shown that two thirds of those involved in mountain incidents are experienced climbers and walkers. It is not people who are feckless on the mountains who need to be rescued; it is people who know what they are doing. As the hon. Member for Caernarfon (Hywel Williams) said—he represents the area that takes in Snowdonia—people need to know what they are doing, but if the weather breaks and comes in during difficult circumstances, even the most experienced people can get into difficulty.

I offer my support to colleagues in other parts of the country, because we need to recognise that mountain rescue is part of our emergency services. Although those involved want to maintain their independence, there is a need for elements of core support, and they should not have to raise funds for the specialist equipment that they need. I hope to visit some of my mountain rescue teams from central Scotland in the near future, including the one based at Killin, which covers many of the most difficult and challenging climbs in my constituency.

In making this brief contribution, I hope that the Minister will consider funding in Scotland and whether it is an appropriate model for other parts of the United Kingdom. Although the administration of these funding mechanisms is devolved to the Welsh Assembly Government and to the Scottish Executive, there is general interest across the UK in making our mountains and hills as safe as possible. We can do that by continuing to support those volunteers who give their time and effort and are prepared to put their lives on the line for other people. We should not undervalue that commitment.

10.30 am

Mark Hunter (Cheadle) (LD): It is a pleasure to have the opportunity to contribute to this debate under your chairmanship, Mr. Hancock, and I pay tribute to the hon. Member for Bolton, South-East (Dr. Iddon) for securing it on a very important subject, as other hon. Members have said. Frankly, the spotlight is not shone on it often enough. Hon. Members who visited my constituency in the 2005 by-election, when I was first elected, will know that there are not many mountains in Cheadle. I am not giving away any secrets by saying that, but, of course, the significance of this debate reaches far beyond those of us who live in areas that do have mountains or active mountain rescue teams, because it is quite possible that any of my constituents might need to call on the assistance of a mountain rescue team when they visit other parts of the United Kingdom.

Tom Levitt: I believe that residents of the hon. Gentleman's constituency are active in mountain rescue teams in the Peak District.

Mark Hunter: Indeed they are, and I thank the hon. Gentleman for making that intervention.

I am not the first person to point out that the work of mountain rescue teams is not restricted to mountains and hills; they also provide assistance to anyone lost or injured on moorland, fells, or even open countryside.

Their services are requested and given in a wide variety of emergencies that are not limited to mountain climbing but include searches for missing children, lost walkers, people who are suddenly taken ill and motorists lost in snowstorms—all kinds of scenarios. In fact, the mountain rescue teams, along with the lowland search and rescue teams, actively serve vast chunks of the United Kingdom, and we should recognise that fact.

During the west country flooding in the summer of 2007, its mountain rescue team helped to recover more than 800 people in north Gloucestershire and Worcestershire, with volunteers working 14-hour shifts. I am told that that was the highest recorded number of persons assisted or lives saved at any one incident in the history of mountain rescue in England and Wales. That example alone shows how important the work of the mountain rescue teams is throughout the country, how closely they work together with the police and other emergency services and how much danger those brave individuals are regularly exposed to. I, like others, pay tribute to the brave and dedicated men and women who invest so much time and energy—often risking personal injury and facing hardship and all kinds of hazards—in providing that very valuable service and in serving the communities as they do.

Mountain rescue teams, like the Royal National Lifeboat Institution, all work as volunteers and have to balance their work with the teams with the need to earn money and support their families. Therefore, it is also appropriate to pay tribute to the families of people involved in mountain rescue teams, who have to put up with the constant strain of knowing that their loved ones are in danger, and who, as the teams run a 24-hour, seven-day-a-week service, all too often lose out on quality time together as a family.

In the current economic environment, many charities are finding it hard to cope financially, and many teams face dramatically reduced funding because of the downturn in voluntary donations. Mountain Rescue England and Wales says that contributions are down 60 per cent. year on year, which is a worrying trend. The teams themselves cost significant amounts of money to operate. Members need to be trained not only in the latest first aid and emergency medical treatments, but in search techniques, off-road driving, work with search and rescue dogs, and many other facets. The specialist equipment that they need is also expensive. For example, a collapsible stretcher can cost about £2,500, modified 4x4 vehicles do not come cheap, and boots and clothing—all such equipment—is costly. This means that mountain rescue teams, run as they are on voluntary contributions, have large and ongoing expenditure. As we have heard, a team can cost up to £50,000 a year to operate successfully.

The 26 mountain rescue teams in Scotland receive upwards of £400,000 a year towards their costs, and the Welsh Assembly contributes £13,000 to rescue teams in Wales. But, as has been said, the rescue teams in England receive little or no help towards their expenditure. All hon. Members have said that the Government ought to do more to support this vital search and rescue service. Mountain Rescue England and Wales estimates that it would cost the Government £6 million a year to run.

The teams do not ask for all their running costs to be covered, only for certain tax exemptions to be met so that the equipment that is vital to them if they are to fulfil their search and rescue role is made more affordable. Currently, only some of their vehicles—those that can officially be classed as ambulances—are exempt from vehicle excise duty. The rest of their vehicles, carrying men, women and equipment, are not exempt. Making all vehicles exempt, as is the case with the RNLI, would cost the Treasury only a small amount of money, and the teams could then use it to replace or update other equipment, or for other training needs. Perhaps the Minister will refer to that.

The teams also seek a VAT exemption for their equipment, clothing and other vital purchases. Other emergency and health services do not have to pay VAT on their purchases, but mountain rescue services do, and that is unfair and, frankly, unsustainable. Again, the amount of money is relatively small. In 2007, Mountain Rescue England and Wales carried out a VAT survey and discovered that £75,000 was paid in VAT that year. These charities fulfil an important role as emergency and rescue services. Will the Minister confirm whether the Government have considered making mountain rescue equipment purchases exempt from VAT and whether, considering the small cost, they will commit to take action?

Mountain rescue teams throughout the UK provide a emergency service for their communities, whether it is for towns and villages facing snow storms or floods, or for individuals lost on mountains or in remote places. They work with, and support the work of, the police, ambulance and other emergency services, and often venture into places where it would be impossible for ambulances to go. These volunteer teams give much more than just their time, and they fully deserve our support. I very much hope that the Minister will assure the House that they have the Government's support, too.

10.37 am

Mr. Julian Brazier (Canterbury) (Con): It is a pleasure to be in the Chamber under your chairmanship, Mr. Hancock. I join others in congratulating the hon. Member for Bolton, South-East (Dr. Iddon) on obtaining the debate. We have had some excellent contributions, starting with his own. It is a good opportunity not only to pay tribute to a group of volunteers who give of their time freely and, occasionally, risk their lives so that others can enjoy the natural wonders of some of the more interesting parts of this beautiful country in a variety of weathers, but to put across some genuine concerns. The contribution of volunteers in the field of adventure, in particular, is all too often taken for granted.

As well as being the shadow Minister selected at relatively short notice to respond to the debate, I happened to be the sponsor of a private Member's Bill on the promotion of volunteering, which was aimed specifically at limiting the effects of the compensation culture on adventure and sport volunteers. As a result of the Bill, I am co-founder of the all-party adventure and recreation in society group, so I shall take the liberty of inviting to our next meeting everyone who has contributed to this debate.

My experience of training for the Territorial SAS on the Brecon Beacons left me with huge respect for anybody who operates in such terrain. We have heard a lot about other terrains and, indeed, about several other parts of

[Mr. Julian Brazier]

the country, including the hon. Gentleman's constituency, and many organisations in the adventure and sport fields face similar dilemmas, many of which have evolved from risk aversion, the compensation culture, insurance problems and Government policy, the unintended but inadvertent consequences of which have been unhelpful.

My party is firmly committed to reintroducing structured risk-taking and adventure to the lives of young people. There are few activities more adventurous and challenging than those listed by the hon. Gentleman as ones that his mountain rescue service supports, from canoeing to rock climbing. Cave rescue has also been mentioned.

In September, my hon. Friend the Member for Surrey Heath (Michael Gove) said that

> "we'll take action to put adventure back into learning. If we are worried about raising a generation of obese children nothing will be as effective as getting them active."

If we want people of all ages to do adventurous activities and to challenge their physical and mental boundaries, and if we want to tackle obesity and other problems in today's society that physical challenges can overcome, we need organisations such as mountain rescue teams that are willing to be there when things go wrong. As hon. Members have pointed out, we also need such teams if an ordinary walk in the mountains goes wrong.

Activities in all parts of the adventure and sport world—from cadet units and scout troops to canoeing—are possible only because of such volunteers. In mountaineering, they not only commit time and energy, but put their lives at risk. We must therefore ensure that those organisations and their volunteers are uppermost in our minds as policy and law makers. We must seek to stave off the law of unintended consequences.

I will give an example directly related to my transport brief. A visit to my local coastguard headquarters in Dover was kindly facilitated by the Minister. I saw a photograph of the local cliff rescue team, which is made up of volunteers, although unlike mountain rescue teams it is led by a paid member of staff. In the photograph, the volunteers were abseiling down a cliff to rescue a young woman who had fallen. Miraculously, her fall had been broken after 120 ft by an illegally dumped fridge. There was a good outcome in that case. However, the insurance for such dangerous work is inadequate. As a consequence, a volunteer coastguard who was seriously injured on a rescue mission on a cliff in Pembrokeshire lost his job and received minimal and only temporary compensation that was lower than half his salary for the period that it was paid. While I cannot comment on the strong cases that have been made on a variety of tax and funding issues, because they are beyond my pay grade, on the narrow area of cliff rescue teams, my Treasury team has agreed to review the Maritime and Coastguard Agency in the context of the other emergency services.

There are considerable parallel problems with insurance for mountain rescue teams. One team told my office:

> "Many team members are under the impression that they operate under a system that they are adequately insured, sometimes on the pretext of a verbal assurance from Senior Police representatives, only to find that they have not been insured for certain mountain/cave rescue duties they have undertaken".

I am told that the gold standard of insurance for mountain rescue is the policy in Cumbria, which was achieved with partial funding from the police. That policy has been adopted in north Wales and the Mountain Rescue Association wants it to be adopted nationally. Unlike the pledge that I made on coastguards, I can pledge only to look at that matter.

Although mountain rescue teams feel they have an entitlement to insurance, one member told me:

> "Scant regard is made to making sure that team members are adequately covered by insurance ... there is vast evidence of 'slip shod' and mis-administration of insurance cover".

Insurance is a problem throughout the outdoor, sport and adventure activity fields, and it relates not only to money but to other issues. On a related point, I was particularly concerned by the example given by the hon. Gentleman of police withdrawing responsive driving training from the Bolton mountain rescue team because of fears that the police would be legally liable for the subsequent actions of the team's members.

Two pledges by my party would help with that problem. First, we would abolish negligence claims in adventure training and sport, allowing only reckless disregard claims with a much higher standard of proof. That issue is on the edge of that pledge, but I will press for it to be considered. That change would return Britain to the legal position until the 1950s and bring us in line with the position in most American states, which have introduced the measure one by one.

Secondly, we have pledged to ask courts to take into account the social value of risky activities and to have judges recognise it when making decisions in civil cases. Mountain rescue certainly is a risky activity. I am not too familiar with the responsive driving case, but I hope that Greater Manchester police would review its decision against such a legal background. Such measures would help a risk-averse society properly to assess and revalue risk, as the hon. Member for Conwy (Mrs. Williams) has mentioned. That could produce better outcomes for those seeking insurance, which has been inflated by a series of court judgments. I hope that such measures would lower the price of insurance.

I was glad to hear the hon. Member for Bolton, South-East mention a statutory instrument that will give volunteers a more prominent role under the Civil Contingencies Act 2004, which I spoke in favour of during its passage through Parliament. The Minister nodded, so I take it that it will soon come forward. There should be greater recognition for a string of voluntary organisations from mountain rescue teams to St. John Ambulance, which are currently undervalued in legislation. We must look again at the way in which the Health and Safety Executive pursues some cases.

I will end as I began, by congratulating the hon. Gentleman and all hon. Members who have contributed to this debate. It has been an opportunity to praise the work of mountain rescue teams and to draw attention to their concerns.

Mr. Mike Hancock (in the Chair): I am delighted to say that despite being dropped in at the deep end, you did not need the team to rescue you, Mr. Brazier.

10.47 am

The Parliamentary Under-Secretary of State for Transport (Jim Fitzpatrick): I was going to say what a pleasure it is to see you presiding until that little joke, Mr. Hancock. I congratulate my hon. Friend the Member for Bolton, South-East (Dr. Iddon) on securing this debate on the invaluable work of mountain rescue teams in Bolton and throughout the UK. I also congratulate him on securing the unanimity of opinion that has been articulated by all parties this morning.

I, too, pay tribute to the hard work of mountain rescue teams and of all search and rescue volunteers who work in a range of organisations that this country relies on heavily to provide a crucial 24-hour service. As a former professional emergency service worker in the fire service, I feel an instinctive personal solidarity and respect for all such volunteers. Such respect has been articulated by all hon. Members this morning.

Perhaps I should begin by explaining why a Transport Minister is responding to this debate rather than a colleague from the Home Office, the Treasury or any other Department. The provision of search and rescue—SAR—in the UK brings together Departments, Government agencies, the military, emergency services, charities and voluntary organisations such as mountain rescue volunteers. All those organisations contain respected professionals in their fields. The framework within which those organisations operate is overseen by a strategic committee that looks across the piece to achieve an effective and efficient SAR capability for the UK. The committee is chaired by the Department for Transport, because of its responsibility for maritime and civil aeronautical SAR. That is why I am responding to the debate.

The UK search and rescue strategic committee is chaired by the Maritime and Coastguard Agency, and members are drawn from the key SAR organisations—the people who actually do the job. Mountain Rescue England and Wales and the Mountain Rescue Committee of Scotland are both actively represented on the group, which is a forum for sharing best practice and resolving practical issues that affect all aspects of UK SAR capability.

Several colleagues asked about advising and educating walkers and organisations, and getting information out to them. Individual organisations have their own information campaigns, but the strategic committee and the operators group have worked hard to find the best way to address the issue. They have set up a UK SAR website, which contains advice for the public and enthusiasts, and the information can be obtained on the Department for Transport website.

My hon. Friend has been unable to find a previous Adjournment debate on this subject in the *Official Report*, and I am not aware of one either. However, many of the issues that he has raised were considered by the Transport Committee during its consideration in 2005 of UK SAR provision. In that regard, I am happy to report that some progress has been made on at least one of the issues that he raised—the one that I was nodding about during his opening speech.

The Select Committee's report contained a recommendation that official mountain rescue and lowland search vehicles, which are operated by trained drivers, should be able to use blue lights to reach incidents in the same way that RAF mountain rescue teams do. Currently, the Road Vehicles Lighting Regulations 1989 restrict the use of blue warning beacons for mountain rescue vehicles to those operated by the RAF. However, I am aware that voluntary rescue organisations often provide a similar service to a broader cross-section of the community, and I agree that they, too, should be allowed to benefit from the use of blue warning beacons. I am pleased that the Government therefore propose to extend the permission enjoyed by the RAF to all mountain rescue services. A public consultation on a package of measures, including an amendment to the road vehicle lighting regulations, was held in summer 2008. Among other things, the package included modifications to permit mountain rescue vehicles to use blue lights. We aim to bring that into force by the end of 2009.

Although the Select Committee recommended that the Government should make funding available to mountain rescue and lowland search teams, responsibility for co-ordinating local inland SAR operations in England and Wales lies with local police authorities. Therefore, it is right that any decision on support for local mountain rescue teams should be a matter for the police authority and chief constable concerned.

My hon. Friend asked about the application of vehicle excise duty to mountain rescue teams. That has already been carefully examined by my hon. Friend the Exchequer Secretary to the Treasury, who has responsibility for vehicle excise duty rate policy. She concluded that because tax policy in respect of charities is based on neutrality of treatment, a focused mountain rescue vehicle exemption might appear to favour a specific charitable cause, which would be contrary to the wider principles of Government tax policy. However, I understand that some rescue teams are equipped with ambulances, which are subject to vehicle excise duty exemption. My hon. Friend asked me to consider the waiver or reimbursement of VAT due on mountain rescue equipment, but that is properly a matter for my right hon. Friend the Chancellor of the Exchequer. I shall ensure that he receives the relevant extracts from this debate.

My hon. Friend also touched on the difficulties of recruiting volunteers for the mountain rescue service in his area and elsewhere. Volunteering in the UK is a traditional way for communities and individuals to respond to needs in our society and, generally, the retention of search and rescue volunteers is highly impressive—turnover is relatively low.

The strategic committee's volunteering sub-group is looking at generic issues that affect all SAR volunteers, and mountain and cave rescue teams are actively represented on the group. Recruitment and retention is a major topic of discussion. A publicity DVD that will encourage potential volunteers to come forward and to seek support from their employers is under development.

On payment for rescues, I need to make it clear that, in the UK, the general principle is that search and rescue is provided free of charge to anyone who needs it—other than my hon. Friend the Member for High Peak (Tom Levitt), of course, who commendably raised £1,600. It crossed my mind that the price for a Minister might be slightly higher, and perhaps VAT exempt, but that is a matter for the Treasury. Without breaking protocol, Mr. Hancock, I know that Treasury officials

[Jim Fitzpatrick]

are in close proximity and monitoring this debate and that they will take strong messages back to the Treasury in due course.

Tom Levitt: If my hon. Friend is volunteering, I would be happy to put his kind offer to the test.

Jim Fitzpatrick: I used to get paid to take risks, but doing it for fun has never appealed to me. However, I shall speak to my hon. Friend after the debate.

We would not wish anyone in distress to be deterred from seeking assistance because of the cost, particularly as a delay in seeking assistance could further endanger the lives of the individual and the rescuers. Therefore, we have no intention of introducing a charge.

In conclusion, I reiterate the Government's appreciation of the work of all our SAR operators, including the volunteers, who give much to their local communities and to the wider public through their local knowledge and expertise. They are why the UK has a world-class SAR capability, which the Government remain committed to supporting.

Mr. Mike Hancock (in the Chair): I thank the Minister and everyone who has taken part for their courtesy and good humour, and for allowing everyone to get involved.

As the next Minister and Mr. Robertson are here, we can move straight on to the next debate. As a final courtesy, I ask those Members who are leaving to do so as speedily and quietly as possible.

Nigeria

10.56 am

John Robertson (Glasgow, North-West) (Lab): It is a pleasure to serve under your chairmanship, Mr. Hancock.

I asked for this debate as the chairman of the all-party group on Nigeria, following our recent visit to Nigeria in December. I know that my hon. Friend the Minister visited the country recently, and I am sure that she will confirm my experience—namely, that the UK is held in high regard in Nigeria and that it has a significant role to play as a partner of the country. My question today is whether we wish to fulfil that role.

Nigeria is an incredibly important country, not just in Africa, where it has great influence and is described as one the UK's two main partners—the other is South Africa—but on a global level. That importance is manifest in its efforts to tackle climate change, crime and corruption, and its role in providing energy security and regional stability.

Nigeria is a regional superpower, and its strength and influence are set to increase. It is a prospective economic powerhouse with a huge domestic market. It has a potentially bright future and has been described to me on various occasions as another sleeping giant: it could become another China or India. But that bright future seems elusive, and Nigeria's path towards it seems precarious. Now is not the time for what some in the Foreign Office have privately described as a drift in our relations.

As I said, there is a great deal of good will towards the UK in Nigeria, but my concern is that without long-term vision and the right kind of support, we will lose the opportunity to be a partner in helping Nigeria to progress. At no time has it been more important to ensure that progress for Nigeria is translated into prosperity for its people.

The UK is a friend of Nigeria, but it needs to be cautious in the advice that it offers and the pressures that it brings in order to deepen the friendship. A friendship is not about blind support. It must involve honest criticism. The fact that reform in Nigeria has slowed down considerably in the past year or so may create drift in the relationship, but it is exactly at such a time that the UK needs to be active and step up its engagement. I want to highlight several areas where that is needed.

The Niger delta is a concern for all of us who watch Nigeria. Our anxiety over it is heightened by the fact that two British workers who were kidnapped in the region last September are still being held hostage. As my hon. Friend will no doubt be aware, low-level conflict has been going on in the Niger delta for years. I am deeply frustrated by the lack of progress in the region. It is difficult to comprehend the horrible polluted and impoverished conditions that so many of its inhabitants live in, despite the vast amount of money that has been received in oil revenue.

I understand that the crisis is complex. A number of actors and grievances are in play. However, none of those things should be used as an excuse for paralysis. I know that the UK is not solely responsible for bringing the crisis to an end—much of the responsibility lies with the Government and people of Nigeria—but it could certainly play a strong role if it wanted to. From pressuring companies, to working for international engagement, tools are available to the UK to help to improve the situation.

Being realistic about the UK's influence should not lead us to underestimate our role with regard to Nigeria or to be pessimistic about ending conflict and alleviating the suffering in the Niger delta. If we are serious about human rights, development, climate change and energy security, we should engage on those issues. What is the UK's strategy in the Niger delta, and how are the Government working with our United States and European partners to find a solution?

I am sure that my hon. Friend will have seen the recent news about the failure, yet again, of the oil companies to meet the deadline to stop gas flaring in the Niger delta, which was originally set for 2008, then for 2009 and is now set for who knows when. As well as polluting and being a danger to the communities living around them, these flares account for about 14 per cent. of all natural gas flare worldwide. That makes Nigeria the biggest emitter of carbon dioxide in Africa, along with South Africa. We should ask whether we are serious about tackling climate change. If we are, what pressure is being brought to bear on global companies and flaring gas in the Niger delta? I remember the Westminster Hall debate on the Niger delta in 2004, in which the then Member of Parliament for Hamilton, South—Bill Tynan—spoke about such problems, but I know of little change for the better in the region since the issue was raised five years ago.

The problem is that the actors in the Niger delta apportion blame rather than take responsibility. The Nigerian Government have to take responsibility and deal with the oil companies, but there seems little encouragement or enthusiasm for them to do so. We have a duty to bring pressure to bear on all parties to help to end the gas flaring and get people talking together.

It is not a simple task. The conflict and danger in the Niger delta, which is awash with arms, are key factors. The people of the Niger delta live in a constant state of insecurity, not only because they have no access to public services and little hope of gainful employment, but because it is an area where arms are readily available to anyone. The UK can help to improve the situation in the Niger delta by taking on the role of mediator, listening to all groups, even those it may not wish to talk with, and bringing disputing parties together to the table to talk.

Mr. Anthony Wright (Great Yarmouth) (Lab): I joined my hon. Friend on a visit to Nigeria recently and was amazed at the opportunities there. Does he agree that, as he rightly said, the issue needs to be tackled not only by the UK but by other Governments as well, and that there are immense opportunities in terms of reducing carbon emissions and human rights? There are also opportunities for the business community in the UK and wider afield, and for the local population, if we can sort out these problems. We have a duty to respond to those matters as well.

John Robertson: My hon. Friend is correct. I thank him for his not inconsiderable help on our previous visit and for his interest in Nigeria. I hope that Members of both Houses will take the opportunity, when it arises, to visit Nigeria and see that for themselves.

The lessons that we learned in Northern Ireland were immense. We learned that we had to sit down with those with whom we did not want to sit down. We had to get people together who hated each other so that they would eventually come to a compromise, and that led to the Assembly in Northern Ireland that we have now. That expertise can be used and taken to the negotiating table, but people must be willing to negotiate. The expertise that we have in this country is second to none anywhere else in the world and we should use it, particularly in respect of a country that holds Britain so high in its favour. Does my hon. Friend the Minister agree that the UK can help in that way? Has that option been considered by the Foreign and Commonwealth Office?

From my visits to Nigeria and from discussions with stakeholders, I strongly believe that the Niger delta crisis has roots in corruption and underdevelopment. The question of what the UK is doing for development in the Niger delta is for the Department for International Development, but as insecurity in the delta comes from poverty and underdevelopment, I should like to know whether there is a joint strategy between the FCO and DFID. The all-party group on Nigeria would be happy to assist and point everyone in the right direction on that front. We have a lot of expertise and have met many people from both sides. We would be more than happy to assist DFID and the FCO in helping Nigeria to solve its problems.

I would further like to ask my hon. Friend what the UK is doing in response to requests for support on the Niger delta from the President of Nigeria. In 2008, the Prime Minister agreed to provide military training assistance and advice to help to improve the security situation in the region. Has there been progress on that front? During his visit to London in July last year, President Yar'Adua also expressed a wish that stolen oil from Nigeria be classified as blood oil. Hundreds of thousands of barrels of bunkered oil from Nigeria help to buy the large quantities of arms traded in the Niger delta. Those illegal profits are also channelled into the Nigerian political system, doing nothing to stem the tide of corruption. Estimates put the value of bunkered oil at $10 million daily, at a minimum. Will the UK lead an international effort to end the trade in blood oil? Stopping that will be difficult and will upset people with vested interests in it, but the UK should not be fearful of upsetting such people. In fact, upsetting them may ensure that they come to the negotiating table.

Bunkered oil is only one part of a web of corruption that exists in Nigeria and beyond. Recent years have seen Nigeria making good progress on tackling corruption through its Economic and Financial Crimes Commission. I am pleased that the UK has been able to play a part in that fight. Thanks to the good work of the Metropolitan police, the EFCC has seized £49 million-worth of stolen assets.

Given progress made in the UK on discouraging money-laundering through London, we now need the UK to work with its European counterparts to ensure the end of the laundering of public funds throughout Europe and its tax havens. A change of leadership at the EFCC in 2007 and the subsequent harassment of its former chair, Mr. Ribadu, has caused widespread concern that the anti-corruption fight in Nigeria may falter. I hope that we in the UK will continue to do everything that we can to support anti-corruption efforts, including

[John Robertson]

ensuring that our own banks and the tax havens linked to Britain take responsibility to support those efforts.

The two issues of oil and corruption have had damaging long-term effects on Nigeria and its people. Largely unaccountable government has meant that the Nigerian people endure without public services. That in turn means that many people do not see themselves as having a stake in their own country or in how it is run. Government can seem like a separate sphere from their daily lives. The lack of public service delivery in the country is so severe as to be a human rights issue. In fact, during the all-party group's visit to Nigeria in December many of the people we met raised concerns about human rights abuses, ranging from the persecution of so-called child witches—Governor Godswill Akpabio of Akwa Ibom state must be commended for taking action on this issue by signing the Child Rights Bill into law—to female genital mutilation.

Mr. Stephen Hepburn (Jarrow) (Lab): I congratulate my hon. Friend on securing the debate. Does he agree that one of the most moving and most disturbing discussions that we had on the visit to Nigeria was with the group of people who are very bravely campaigning in their communities against the barbaric practice of female genital mutilation? I would like, through him, to put two points to my hon. Friend the Minister. I do not expect her to answer fully in this debate, but I ask her to go away and consider the matter. First, what can she do in her role to try to discourage that practice and, indeed, outlaw it altogether in Nigeria? Secondly, one of the most worrying aspects of the discussion related to people coming to this country and carrying out that barbaric practice in communities here. Will she comment on that?

John Robertson: I thank my hon. Friend for his intervention. When we went into the room to talk to people, the first thing that we were confronted with was a DVD of a child being mutilated. The child could only have been a few months old. It was an horrific sight and one that will live with us. Can the Minister do something about that practice? I believe that if people go back to places such as Nigeria with young children, those children, when they return to this country, whether it is one, two or three weeks or three months later, should be talked to by somebody. They should be asked what happened to them while they were over there. If a child has been mutilated, they should be taken into care and the parents arrested for what they have done.

That is a very important issue, as is the issue of child witches. I am happy to furnish the Minister with a copy of the Channel 4 television programme on child witches if she would like to see it. Again, what is being done to those young children is horrific. Basically, they are children whom nobody cares about. People just want to get rid of them. They beat them and mutilate them and, in some cases, children have been killed. We must examine that. I hope that the governor of Akwa Ibom state, who signed the Child Rights Bill, will put it into force—that is, of course, a different question from agreeing to it.

A couple of days before the all-party group arrived in Nigeria, there was an outbreak of violence in Jos, Plateau state, in which 300 or 400 people died and many more were displaced. The violence was largely presented as a result of religious differences but, from meetings with people in the area, the group believes that the violence was a result of politicians exploiting fault lines and the frustrations of people who feel that they have been denied equal human rights with others. The catalyst for the violence was the local elections. Good elections are clearly crucial for increasing accountability in Nigeria and will advance democracy. In this case, a Christian councillor was elected in a Muslim area. It was obvious that under no conditions would a Christian councillor have been elected in that area but, because the Christian was part of the ruling People's Democratic party, he was elected. That cannot be allowed to happen. Nigeria has to consider that seriously.

We have raised the subject many times in our reports, but still nothing has been done. Our Government should be backing up what we are saying, which is that proper, free elections should be conducted. We feel very strongly about that. We asked for the removal of the last head of the electoral commission and we believe that work should already have started for the 2011 elections. That needs to happen and there need to be discussions about the help that we and other countries can give. The European Parliament has been very helpful in highlighting the problems. There is more work that we can and should do. Is that issue on the FCO's radar? Can the Minister assure me that there is engagement and long-term thinking on Nigeria and its elections in 2011?

Although the UK recognises the critical role that Nigeria plays in peacekeeping and stability in Africa, my impression is that we have been treading water in our relationship for the past year. I am sorry that there were not as many positives from the group's visit as there usually are, but perhaps this one was more eye-opening. As I said, just before we arrived, 300 to 400 people were killed in an area that we had intended to visit. We had to go to another area just along from it but with a similar make-up. I emphasise that we did meet individuals and groups who were standing up to be counted and trying to bring about improvements for the country, so it is not all negative.

There is no doubt that it is in the UK's interests to do likewise and support Nigeria's democracy and development. I know that the FCO's resources are limited, but given Nigeria's 150 million people, its influence as a regional power and its strong links to Britain, both positive and negative, the UK needs to put as many resources as it can into the relationship. I expect no less from the UK Government. We need Nigeria to be strong and stable. We have a deep relationship with Nigeria in terms of both our history and our goals for the future, so we have no choice but to ensure the best possible outcomes.

11.15 am

The Parliamentary Under-Secretary of State for Foreign and Commonwealth Affairs (Gillian Merron): I congratulate my hon. Friend the Member for Glasgow, North-West (John Robertson) on securing the debate and thank him for sharing his impressions from the recent visit by the all-party group, which he chairs. I am delighted that he is supported today by my hon. Friends the Members for Jarrow (Mr. Hepburn) and for Great Yarmouth (Mr. Wright), who also take a great interest in what is a very important country for us. My hon. Friend the Member for Glasgow, North-West introduced the debate with great clarity, but also with real feeling and emphasis on the importance of the relationship between the UK and Nigeria. In addition to making some general points, I will seek to answer the particular questions that he has raised. If he requires further detail, I will be more than happy to provide that outside the debate.

I share the view that we have a long-standing, important and warm relationship with Nigeria, but it also presents substantial challenges. I assure my hon. Friends of the importance that we attach to that relationship and the way in which we seek to develop it. The range of our interests touches all areas of government, which is why we have a cross-departmental Whitehall Nigeria strategy. That strategy drives our work on migration, crime and corruption, energy security, development and regional security, and it brings together all the relevant Departments as my hon. Friend the Member for Glasgow, North-West has asked. Why else is the relationship important? There is a large Nigerian diaspora in the United Kingdom, who play a very important role in this country.

Clearly, whatever happens in Nigeria is important to Africa. Nigeria is home to one in five Africans, so what happens there is crucial to what we are seeking to achieve in Africa and with Africa, which includes the fight against poverty through the achievement of the millennium development goals. Nigeria is the leading contributor to African peacekeeping—my hon. Friend has referred to that—and has considerable influence within such groupings as the African Union and the Economic Community of West African States. We are seeing a welcome increase in the number of Nigerians playing a role in regional affairs. General Agwai heads up the UN-African Union mission in Darfur, and former President Obasanjo is the UN Secretary-General's special envoy to the Democratic Republic of the Congo. We warmly welcome those contributions.

We have heard today about the importance of Nigeria economically. In that regard, it is second only to South Africa in sub-Saharan Africa. Nigeria's economy is ranked 40th in the world. It is the world's 12th-largest producer of oil and ranks seventh in respect of proven gas reserves, thereby establishing itself in the world. The abundance of natural resources means that what happens in Nigeria has a significant effect on global energy and climate security. As my hon. Friend has said, it is vital for Nigeria to ensure a stable supply by improving the security situation in the Niger delta, where kidnapping continues to be a major issue. I assure my hon. Friends that we are working closely with the Nigerian authorities to secure the safe release of the two British nationals currently held captive. I also assure them that we have made clear our absolute readiness and willingness to support Nigeria in the delta. In response to the President's requests, we are providing training to improve maritime security and working with international partners to address the issue that my hon. Friend described as "blood oil"—the theft of large quantities of oil.

As an illustration, one way in which we are doing that is through our support for a project with the university of Plymouth and the Nigerian petroleum commission to explore ways of identifying stolen oil. The aim is to ensure that, even if stolen oil leaves Nigeria, it does not find its way on to the open market.

In response to the questions raised by my hon. Friend, the UK will provide military training assistance in two areas—improving operational planning processes and inshore small boat operations. Work is progressing on the creation of a joint maritime security training centre near Lagos and training should start in earnest later this year. We have redirected the main focus of the British military advisory and training team in Nigeria from broader peacekeeping to support for maritime security. In October, a naval officer joined the team to enhance its maritime expertise.

I agree with my hon. Friend about the serious effects that gas flaring has on the environment. The UK has urged the Nigerian Government and international oil companies to work together to put an end to that practice. Through the UK-Nigeria officials working group, initiated by the then Minister for Energy in August 2008, we aim to help deliver improvements in methods of capturing and using gas, which we hope will eliminate the need for flaring. I assure my hon. Friend that we will continue to work with international partners, including the United States and the European Union, and with oil companies through the gulf of Guinea energy security strategy, which will continue to support Nigeria's efforts in all those issues. We also have the Whitehall delta action plan to co-ordinate work across the Government.

As my hon. Friend has said—I know that colleagues will endorse this—poverty is a persistent problem. More than 70 million Nigerians live on less than a dollar a day. I saw for myself the situation faced by so many people in Nigeria when I visited the country as a Minister in the Department for International Development in 2008. The stories that I heard and the evidence that I saw brought home to me the importance of the Government's work in seeking substantially to increase support to the Nigerian Government, so as to strengthen their ability to tackle key challenges such as those of poverty, governance and electoral reform. There is no quick solution, but it is important to continue to work with the Nigerians to build their capacity to tackle those issues.

Dealing with poverty and inequality will be vital to Nigeria's efforts to prevent the sort of inter-communal violence that, as my hon. Friend has mentioned, was seen in Jos in November. The ultimate responsibility for tackling conflict lies with the Nigerian Government, but the UK provides support through non-governmental organisations such as ActionAid and Bridgebuilders.

I agree with my hon. Friend that corruption is a deeply serious and corrosive problem that impacts not only on individuals but on economic development. It feeds crime inside Nigeria, as well as in the UK and elsewhere through money laundering. We therefore welcome the Nigerian President's public commitment to tackle corruption, and we support him in that. How will we do that? That includes co-operating with Nigeria to prosecute high-profile corruption cases, building and maintaining effective institutions, and increasing transparency and accountability in both government and business.

In addition to tackling corruption, we are working with Nigeria to tackle other forms of crime, including drugs trafficking. Those problems do not confine themselves to borders or recognise passports, and they have a significant impact on the UK. That is why our law enforcement agencies, to which my hon. Friend has referred, co-operate so closely with their counterparts in Nigeria to share expertise and information. That is why we welcome our positive relationship regarding the

[Gillian Merron]

return of illegal migrants and Nigerian prisoners, and we will continue to drive forward our work to increase the flow. I agree with my hon. Friend on the need for electoral reform in preparation for the 2011 elections. The President is now considering the recommendations of the electoral reform committee, and we are ready to support him in taking those forward.

I welcome the comments made by my hon. Friend the Member for Jarrow, who raised the important issue of how to tackle female genital mutilation. The centre in Ibadan, which was visited by the all-party parliamentary group on Nigeria, does very important work to raise awareness of that horrific crime and, crucially, to involve religious and community leaders in the campaign against it. The community speaking out will be a driving force against what can be described only as a truly barbaric practice, and we are pleased to support that centre in its efforts. More broadly, I am sure that my hon. Friends will be glad that we have already made it a crime for any British national to carry out that practice, whether in the UK or abroad. We are working, and will continue to work, with international partners to stamp it out worldwide.

We will continue to drive forward our relationship with Nigeria in a positive direction. I am glad that the President was welcomed to London last summer as a guest of the Government. He had discussions with the Prime Minister and others on a range of UK and Nigerian interests. We look forward to continued ministerial visits both to and from Nigeria.

Reference has been made to the issue of human rights in Nigeria. We have a strong commitment to the promotion of human rights in Nigeria, as elsewhere. Specifically in Nigeria, we have funded projects through the Foreign and Commonwealth Office in a number of areas. Those include combating torture, campaigning for the abolition of the death penalty, strengthening democratic accountability and promoting women's rights. I assure my hon. Friends that we continue to raise concerns about human rights with senior members of the Nigerian Government, both in the UK and together with EU partners. We monitor reports of human rights abuses and violence, and raise specific issues, such as that of secret executions by Nigerian law enforcement agencies. Nigeria is currently undergoing the UN Human Rights Council's universal periodic review process, and I am sure that we all look forward to the outcome of that and the advances that can be made.

I hope that my hon. Friends will accept the overriding objective of the UK Government, which is to see a stable, democratic Nigeria that governs its resources and its economy wisely, successfully tackles poverty, promotes human rights within its borders and plays an active and positive role both in Africa and globally. I welcome the extremely valuable contribution played by the all-party parliamentary group. It contributes towards developing the importance of this relationship, about which we are all agreed, and helps us to deliver our UK Government objectives. I look forward [illegible] continuing that work and seeing progress made.

11.28 am

Sitting suspended.

Small Business Assistance

2.30 pm

Mr. Philip Hollobone (Kettering) (Con): I am grateful to Mr. Speaker for granting me this debate. It is perhaps on the most important subject for our country at this time. I wanted to call the debate "Help for small companies during the recession", but in their wisdom the authorities rightly altered it into parliamentary terminology. Whatever its title, however, the message for the Minister is loud and clear. Small businesses are in real trouble. They form an important part of our national and local economies. The Government's actions could make a lot of difference to whether they survive.

Every day on television and radio news programmes, Government announcements cite figures of billions, tens of billions and hundreds of billions of pounds. For many small businesses, however, the difference between success and failure, between life and death, can come down to £50 or £100 a week, or a bill for £1,000 not being paid on time. It is important that the Minister and his officials understand that. For many people, figures quoted in billions are almost meaningless when it comes to the front line of business survival at local level.

The Minister may be interested to hear that there are 26,000 jobs in the borough of Kettering. Of those, 10,000 are in small businesses. The borough has 3,377 businesses, of which 2,367 employ between one and four people. An additional 501 businesses employ between five and 10 people. It can be seen that 85 per cent. of businesses in my constituency employ fewer than 10 people. As for the sectors in which those businesses operate, 994 or almost 30 per cent. are in distribution, hotels and restaurants; 441 or 13 per cent. are in construction; and 298 or just under 9 per cent. are in manufacturing.

Putting it bluntly, if the small business sector in Kettering goes under, so will the local economy. Kettering represents the heart of middle England, both geographically and in the sense of being the average at many levels. Our experience in Kettering will be typical of many constituencies. I am grateful to have the chance to make these points today.

My job as a Back-Bench Member is to canvass and to gauge local opinion and to present it as best I can to those who make the decisions. Today, I want to make clear the experiences of a number of businesses in my constituency.

RB Travel, a small coach company, tells me that £5,000 is still owed to it by a far larger coach company. It has tried everything to get the bill settled. The payment terms were 90 days, which was difficult enough, but it still has not been paid. If it remains unpaid, 15 jobs will go. There are at least a dozen similar sized coach companies in and around my constituency, and the experience of RB Travel is not untypical, with difficult payment terms being used.

A local fish and chip shop owner, who has been in business for at least 17 years, contacted me to say that during the recession his weekly income has gone down by £40 a week. Even with 50 per cent. small business rate relief, he pays £45 a month in business rates. His plea is for the Government to offer more flexibility, perhaps providing a six or 12-month holiday. For him, the impact of the recession could be terminal—and for only £40 a week. That puts the Government's £900 billion cumulative rescue package into perspective. That money would save an awful lot of fish and chip shops.

Brenda Briggs, from the Favours day nursery in Moulton, has contacted me. She says:

> "As the owner of a small, family run business in a rural setting I have to say that one of the biggest drains on our resources is the Business Rate. We pay almost £9,000 per annum and for that large sum get very little in return. There is of course the infrastructure to be supported—police, fire, etc.—but we have no street lighting, the roads are always in a bad state of repair and we have to pay extra (approx £2,500) to have our rubbish removed. If the government really are serious in their wish to help us then a reduction in rates (or at least the inclusion of rubbish removal within the amount charged) would be a start!"

Peter Luff (Mid-Worcestershire) (Con): I congratulate my hon. Friend on securing this debate and on the manner in which he is introducing it. I apologise to the House, but I shall not be able to stay for the whole debate because of my Select Committee duties.

I draw to my hon. Friend's attention the private Member's Bill that I introduced only two hours ago, which would automatically make small business rate relief mandatory. Many small businesses—about half—do not know that such relief exists, and are not claiming it. As he says, that can make a life-or-death difference for many businesses.

Mr. Hollobone: I am most grateful to my hon. Friend for that extremely helpful intervention—especially as he has the status of Chairman of the Select Committee on Business and Regulatory Reform. I wish him well with his Bill—at least I think I do, as I would rather it did not need to succeed. I would like the Government to adopt his Bill and to take it through the House in Government time. It would be a marvellous response to the debate if the Minister were to make such an announcement today.

Another local businessman, Mr. Sege Rosella of SCM Construction, has written to me, and I have written to the Treasury about his case. Mr. Rosella tells me:

> "I am a Director of a small development company based in Kettering...I have been a director of the company for several years and have specialised in developing small 'starter' apartments...aimed at the often disadvantaged first-time buyers. I have completed 5 developments during the last 5 years, creating 48 units and enjoyed the financial support of NatWest...Although our previous banking arrangements have been cordial, with all loans taken out by the company repaid in full and on time, recent events in the housing market, driven...by the near collapse of the UK banking sector and subsequent liquidity freeze, have changed the financial model of my current development. I am a small business with a good track record who provides employment for the local community and much needed house building workforce, creating housing that conforms to stated Government policy and meets the needs of young first time buyers and yet due to circumstances that are not of my making, but as a result of a cavalier approach by the major UK banks to credit and risk management, face potential financial ruin unless the RBS continue to provide financial support in accordance with their original commitment."

Mr. Martin Lee, the managing director of Foden Ibex in Brixworth in my constituency, contacted me to say:

> "The VAT reduction was a complete waste of time and money...where the Retailer was already responding to the lack of sales with significant promotions etc. The key issues to restore consumer confidence revolves around Petrol and Energy Pricing".

Petrol prices, he said, are a feel-good factor, because if people can afford to get out and about they will buy more. He went on to say that mortgage protection for those who lose their jobs would help. He said:

> "Diesel prices must be maintained below £1 litre and the tax take reduced accordingly to maintain stability."

He also wrote to me on the subject of empty property rate relief:

> "this is an iniquitous tax on something that is not earning. We have reduced our working area by 9,000 sq feet in a Modern factory and Office setting since the beginning of 2008 in response to what we saw coming. However, as sensible businessmen, we would give our right arm to let this area at a low rent and remove this overhead. In line with the economic situation no one has even shown the slightest interest yet we have to continue paying full rates for an empty property."

On banks and cash flow, he says:

> "We are now facing the same issues on facility renewals, as stated in the press, where the Bank instead of passing on the Interest Rate reductions to us on renewal wish to charge an extra 1.85% whilst the difference between the LIBOR Rate and Base Rate has only increased by 0.2%. This goes against everything that the Government is supposedly trying to do... Banks must be required to pass on the full effect of any base rate cut and maintain current agreements in place."

David Taylor (North-West Leicestershire) (Lab/Co-op): My and the hon. Gentleman's constituencies share an excellent Federation of Small Businesses branch covering Northamptonshire and Leicestershire. Its survey of members shows that the key problem has been access to finance. However, only a week ago, the enterprise finance guarantee for small businesses was announced. It is on a smallish scale—£1.3 billion—but will help. Perhaps his businesses will have access to that, which will prod the banks into action. That is where action is needed. Is that not correct?

Mr. Hollobone: As the hon. Gentleman said, we share a Federation of Small Businesses area and both have a lot of time for Maxine Aldred, the local co-ordinator. As often as I can, I attend the monthly breakfast meetings of the FSB in east Northampton. The message coming across is very much as he states. Let us hope that the Government's proposals will feed through to these very small businesses. However, it has been a long time coming. An extra week or fortnight can make the world of difference between life and death for many small businesses. I hope very much that his optimism is justified.

I was contacted by John S Ward and Co. in Kettering. It wrote:

> "We are a firm of chartered certified accountants who have a client in the building trade. Their tax affairs are up to date. In a difficult economy with loss relief available to extinguish the liability they have no tax to pay. This is because they have no profit! Under the construction industry scheme to receive gross payments from their customers HMRC do not take this into account but still insist that large tax payments on account of tax have to be made and then refunded. Effectively an enforced loan to the Government under threat of legislative action. Even with no tax actually payable this loan can take over a year to be repaid by HMRC. The penalty for not doing so is for a small self employed business to lose its gross payment status and attempt to survive after a 20% deduction is made on its sales and paid to the Government reducing their current cash-flow - unlike in any other trade. Senior tax inspectors are involved in pursuing this with incredible enthusiasm and diligence. No consideration is allowed for the firm and its work force during a recession."

As a result,

[Mr. Hollobone]

> "a business and the incomes of 40 staff and sub contractors are put at risk."

The message is that HMRC needs to be more flexible when dealing with businesses in such delicate situations.

Mr. Mark Prisk (Hertford and Stortford) (Con): My hon. Friend is making a very good case. On the construction industry scheme, for which I appreciate that the Minister is not directly responsible, I had a similar case in my constituency. Clearly, there is a conflict between the Government's policies on the better payments scheme, which is meant to allow the deferral of taxes, and the CIS, which is now automated. There is a growing number of cases concerning this problem, about which I have written to the noble Lord Mandelson. It is a very important matter. Does my hon. Friend agree that this conflict of policy is in danger of leaving the construction industry even worse off against its competitors than we feared?

Mr. Hollobone: As always, my hon. Friend is spot on. The extra difficulty with the construction industry is that we need to pump-prime the rest of the economy. If houses and offices are being built, they will need to be furnished and more money will need to be spent on them. That acts as a prompter for the rest of the economy. If we undercut the construction industry, everything else will topple down on top, so it is a very serious situation.

I have received the details of another case, on the same issue, from Mr. Stephen Mucth, who runs SA Mucth, a carpentry contractor employing 10 people. He has been treated similarly unfairly by HMRC, which wants to take away his gross payment card, because of a former late payment—it was only late by two or three weeks and mistakes were made by HMRC as well. It has apologised, but is still threatening to take away his gross payment card. As his MP, I asked him what would happen if he lost his gross payment card. He replied, "Well, all 10 jobs will have to go." He told me that last year, across the country, 227,000 small businesses had to go to tax commissioners to appeal their gross payment card status. In 195,000 of those cases, the gross payment card was restored. Huge anxiety is being put on construction and construction-related firms over their tax affairs. In the end, it might be sorted out, but the process of being sorted out is putting thousands of jobs at risk.

Mr. Richard Edwards, from the Abington Park veterinary group, contacted me to say:

> "Simply the main problem in my business is cash flow. We perform a referral service to local veterinary practices carrying out complex surgical and medical procedures. We have to agree in most cases to do 'direct' claims for those clients sent to us by their own practices and who have their animals insured. This then presents enormous cash flow problems when the modern generation of pet insurance companies ie the big supermarkets and insurance groups take up to 10 weeks to settle the claim and thus us waiting ten weeks for cash settlement. I have to pay my suppliers within 30 days. I am sure that I am not by myself in asking that the government does something about the large companies that have a stranglehold on credit terms."

He adds that a significant improvement would be for such companies to be legally forced to pay small business suppliers within 30 days of goods or services being supplied.

I was also contacted by Cooney Marine, which is a 40-year-old marine-sector business based in Kettering, and is one of the UK's leading manufacturers of stainless steel yacht equipment and deck fittings. The firm employs a highly specialised work force capable of operating complicated machinery and skilled in the use of three-dimensional design. It recognises the importance of its work force and operates a successful apprenticeship scheme. Along with many other local firms, it has felt the impact of the current recession. There has been a 30 per cent. drop in orders; it has problems with the timely collection of payments from customers, and business running costs are extremely high. As a business, it needs help with debt recovery and insurance, especially regarding larger companies. That would help to ensure more certainty of income and help to safeguard jobs in the future.

David Taylor: The hon. Gentleman is talking about a problem that is a continuing difficulty for small firms. Prior to entering this place, I had a number of small-firm clients. Before his time here, the Government enacted delayed payments legislation, which gave greater powers to small firms further down the feeding chain to speed up payments. The problem is, of course, that they do not want to press clients, or utilise those powers too frequently, because they will damage their relationship often with major customers. The problem is not legislation, but the difficulty in taking a prime customer to court.

Mr. Hollobone: That is absolutely right. However, before my time in this place, we were not facing the worst recession that this country has seen since the 1930s. There has been a paradigm shift in the way in which we need to tackle these issues. It is a national emergency, especially at the level of small businesses. The Government need to think up new initiatives to sort it out, before we have almost complete economic collapse.

Mr. Neil Griffin, from the Kettering chamber of trade and commerce, contacted me highlighting the problem of business rates. He also said that self-employed people should be able to pay at the end of each year, as was previously the case, rather than have to guess what they will make the following year. That would help people to get the money in and to balance the books, before paying tax to HMRC.

Mr. Allsop contacted me about the 800,000 empty properties across the country. He sensibly says that they could be upgraded to help provide low-cost affordable housing and states that something must be done about VAT on the repair of existing buildings. That would be a low-carbon footprint solution to getting the construction industry moving again.

The Federation of Master Builders contacted me about a similar matter. It said that according to Oxford university, there is a new market in reviving existing housing stock that has fallen into disrepair, which could be worth between £3.5 billion and £6.5 billion. The federation recommends

> "reducing VAT from 17.5 per cent to 5 per cent. for all building repair and maintenance work"

to get empty properties back into home ownership.

Global Surveys, a commercial surveying firm in Moulton, was formed in 1978 and has achieved national recognition with numerous local authority and Government agencies, as well as with the private sector. It said:

> "Due to the present recession, 40 per cent. of staff have been made redundant, two members of staff are on a shorter working week and others are using annual holidays when there is a shortfall of work."

The company said that its staff

> "would certainly benefit from financial support for the shorter working week and reduced holidays."

It went on to say:

> "Staged payments of VAT and taxes without interest charges would help, as would a reduction in taxes…Income tax bills are a huge concern as Global Surveys is due to pay a large tax bill for the previous profitable year in the current 'break even' period."

Paul Smith from Blandford Electricals in Kettering has e-mailed me with a number of points, including the withdrawal of credit insurance cover. He said:

> "We suffered a large bad debt in the year 2000 and drew up a company policy of insuring our debt for companies for whom we work to a value of over £5,000."

He went on to say that recently the company has suffered from a number of small bad debts, and that from mid-2008

> "we have been having the cover withdrawn from many of our companies who were covered by this insurance".

The explanation was

> "the current challenging conditions prevailing in the UK economy",

and he stated:

> "We have questioned this and the jusitification for these withdrawals, many of them being for companies for whom we are in the middle of large contract works. This is now causing us much concern and reducing our ability to trade. We would urge the Government to take urgent action on this matter as soon as possible."

Paul Smith also highlights the issue of slow payments from public and private enterprises, and makes this very good point:

> "The Government has made a big thing of encouraging Public bodies to pay within 10 days of invoice receipt. This works where companies can work directly"

for the local authority,

> "for example local schools".

However, many of these contracts are managed by third parties, which are still offering extended payment terms of 60 to 90 days. Therefore, many of its invoices are not being settled on time.

Lorely Burt (Solihull) (LD): Is it not the case that, wherever possible, we should encourage Government procurement officers to procure directly from small businesses? Where it is not possible, they should pass any advantage on payment dates down the supply chain. That should be a condition of alterations of payment terms by the Government.

Mr. Hollobone: That seems a most sensible suggestion. I do not understand why the Government cannot get on with that straight away.

Paul Smith also highlights the benefits of a local working initiative. He says:

> "We would like the Government to pro-actively promote local working in every sector, using local companies for works in their own towns and cities. This would build the wealth back into the towns and be sound ecological practice. We feel the Government should put guideline distance restrictions on local authorities and public bodies to encourage this."

Tony Baldry (Banbury) (Con): My hon. Friend mentions a number of companies that are having specific problems and concerns. I suspect that all of us in the coming months will be meeting constituents in the same position. I am very conscious that the Minister is the only uncluttered Minister in the Department for Business, Enterprise and Regulatory Reform in the Palace, and as he has no Under-Secretary of State, we will have to keep on dragging him into Westminster Hall for Adjournment debates, which will be difficult for him. Just as the Home Office has surgeries to which we can take our immigration cases, would it not be sensible for him to organise officials from the small businesses department to have surgeries from time to time to which Members of Parliament can take individual constituency cases—

Mr. Mike Hancock (in the Chair): Order. That is becoming very much like a speech.

Tony Baldry: It was a very bright idea.

Mr. Hollobone: I am most grateful for that very helpful intervention and bright idea from my hon. Friend. I can recall Lord Rooker from the Department for Environment, Food and Rural Affairs offering a similar facility in recent agricultural crises. I hope that my hon. Friend's initiative is taken up by the Minister, because it would be extremely helpful for many Members of Parliament.

Peter Luff: Baroness Vadera is responsible for small businesses, so that would help with the accountability issue, which is of concern to the Select Committee on Business and Enterprise as well. I had a letter this morning from DBERR, dated 14 January, in the name of the previous Secretary of State, now the Secretary of State for Defence, acknowledging receipt of a letter from me, dated 28 October, concerning a small business in my constituency. His letter says that on consideration, the letter was not for that Department, but for the Treasury. It took nearly three months to get a letter from the wrong Minister referring me on to the Treasury. There is a need for urgency when dealing with the problems of small businesses.

Mr. Hollobone *rose*—

Mr. Mike Hancock (in the Chair): Order. Interesting though that was, I do not think that it had too much relevance to the issue that is before us. If every hon. Member is to be able to speak, we need to be more courteous to each other in interventions.

Mr. Hollobone: I am most grateful for the idea of Baroness Vadera attending such surgeries because she could help each of us to spot the green shoots of recovery in our constituencies.

The Northamptonshire chamber of commerce kindly came back to me with views from its businesses across the country and with many excellent ideas. It said:

> "A good number of our Members said that they would like to see tax relief/concessions for firms at this difficult time. Interestingly, a quarter of our respondents said that the lowering of VAT had been of no help to their business whatsoever, indeed had caused more work for some."

Another sensible suggestion was:

> "Tax concessions for businesses providing pension schemes. Increase or reinstatement of Capital Allowances—a couple of businesses mentioned this one, so that they might have the flexibility to sanction investment decisions."

It also mentioned corporation tax holidays and reductions. As one member said:

[Mr. Hollobone]

> "What is the incentive for companies to develop additional business, sales and profits when as it appears now all we will be achieving is to pay an ever-increasing amount of tax."

Many members want to extend time scales for the payment of VAT and pay-as-you-earn. There is also a big call for a temporary reduction in business rates.

There is an overwhelming call for a reduction in red tape and bureaucracy, and complaints about

> "slow and unresponsive government bodies".

The chamber said that it has heard of a great deal of frustration

> "at the ineffectiveness of the Valuation Office Agency who deal with Appeals against the Rateable Values of business premises. The Agency has a new system of programming which they instituted to deal with Appeals more efficiently, which is in a state of disarray with many Appeals not even entered into the programme."

The chamber wants

> "more flexibility in taking on casual labour—at a time when businesses need to be flexible in where and when work is coming in",

and for the Government offices to stop erroneous red tape requests. It said:

> "One Member cited an example of a survey they received from the Office of National Statistics Annual PRODCOM Survey, Products of the European Community, which seemed certainly superfluous to their business commitments…but they have been warned they might be liable to a fine if they do not complete it."

Again, the collapse of the credit insurance market was mentioned. The chamber said:

> "A number of Members highlighted the huge problem of the ready availability and cost of credit insurance, particularly for firms in the construction sector. Apparently, the insurance industry has withdrawn £10bn of cover from the market."

There were concerns about the bank lending crisis, and a great deal of scepticism that the efforts of the Government's latest banking rescue packages would feed down to member firms.

Local authorities can also do things to help their local businesses. I am pleased to report that Kettering borough council has one of the best records in the country for paying local invoices on time. There is also an opportunity for local councils to be innovative in getting money back into the local economy. Despite huge scepticism about the VAT cut, Kettering borough council used the opportunity to introduce what it calls a pop-and-shop parking scheme for shoppers in Kettering town centre. The council was set to save £16,000 from the reduction in VAT on revenue it raises from the parking charges in its car parks, but it has decided to plough the money back by providing a number of pop-and-shop parking spaces in the town centre, in which local car owners can park for an hour at only 10p a go. The idea is to encourage more shoppers to come to the town centre to spend their money in the small shops on the high street.

The county council is prioritising capital schemes such as £22 million for Kingswood school in Corby, £31 million for the Isham bypass, and £29 million for schemes in the local transport plan, to inject capital into the local construction industry.

Mr. Peter Bone (Wellingborough) (Con): My hon. Friend is making a fine speech on behalf of his constituents, people in Northamptonshire and the whole country, as always. However, should not another public body—the NHS in Northamptonshire—be encouraging capital growth? Does he agree that it should be building a new out-patient facility in my constituency? The NHS has the land, and the facility is needed, but it seems unable to commit to building it.

Mr. Hollobone: My hon. Friend is leading a very successful campaign to highlight the wishes of people regarding where that facility should be built, and he makes an extremely sensible suggestion that I hope the local NHS trust considers carefully. One good piece of news from the local NHS trust is that it has also decided to pay its invoices as quickly as possible, especially to local businesses.

May I make a plea to the Minister on the so-called growth areas? Kettering council has applied, with other authorities, for growth-area funding, and it has been given £22 million over a number of years. Easily, £45 million could be spent on schemes that are already designed and ready to go, which would really help the local economy, especially small businesses. Will the Minister get together with people from the Department for Communities and Local Government to look at ways in which local pump-priming initiatives can be got up and running as quickly as possible?

Finally, on the front line, with our local small businesses, the difference between success and failure is often a few pounds a week. If the Government can get down to the nitty-gritty of business survival and get away from the idea that all they have to do is throw £10 billion at this and £100 billion at that, and look instead at targeted, practical help, many thousands more local businesses will survive the recession than would otherwise be the case.

Several hon. Members *rose—*

Mr. Mike Hancock (in the Chair): Order. It is my intention to begin the wind-ups at around 3.30 pm to give adequate time to the Front-Bench spokespersons and the Minister. If we are courteous to each other, and if we look at the clock from time to time, everybody will get in. Five Members wish to speak. Mr. Smith has already apologised to me, and through me to you, Mr. Hollobone, for coming late. He was, I think, detained at a sitting of a statutory instrument Committee.

3.4 pm

Mr. Andrew Smith (Oxford, East) (Lab): Let me repeat that apology and say that I was detained—mercifully—for only a short while in the Committee.

I congratulate the hon. Member for Kettering (Mr. Hollobone) on raising this important debate, especially at this critical time. In the bits I heard—I am sorry about the part I missed—he made his points well, notably on the important contra-cyclical contribution of small suppliers and sub-contractors in the construction industry. That is critical as an engine of recovery, and I agree with him about VAT on repairs. At this time of environmental challenges, climate change and economic recession, we must be mindful of the contribution that energy conservation measures can make, both to job generation and to combating climate change. I am pleased with Government initiatives on that, but as the hon. Gentleman said, we must be absolutely sure that the smallest businesses and contractors can benefit.

This debate is an opportunity to place on record my appreciation of the work of small businesses and co-ops in my constituency, and their representative bodies such as the chamber of commerce and the Federation of Small Businesses. I owe a debt of thanks to members of those organisations for their comments, and they will inform my remarks.

We are all mindful that as and when recovery comes, and as we look for job generation on the necessary scale, small businesses, as ever, will make the lion's share of the contribution. Not only that, but they do the lion's share when it comes to saving jobs in the face of the present challenges. Those things must be uppermost in our minds.

I know that time is short and that other hon. Members wish to speak, so I shall concentrate on four main points. First, as the hon. Gentleman said, the availability of credit is critical to small businesses. It is galling for small businesses that are under the cosh to see the headlines that tell of hundreds of millions and billions going to the banks, especially because they are under the cosh from the banks that are in receipt of that money. Will the Minister continue to do everything that he can to put pressure on the banks to ensure that credit is available?

With 2012 on the horizon, tourism and hospitality is an important sector that is dominated by small businesses. They need support, especially given the attraction to overseas tourists of the weaker pound against the euro and the dollar, yet I have been advised that at least one major bank has made a blanket decision not to invest in hospitality projects, even when the local bank manager thinks that the project and the business is worth investing in. I am still checking which bank that is, and I will let the Minister know. Clearly, the Government need to ensure through their shareholdings in, and influence over, the banks that such ludicrous blanket policies are not applied and that sympathetic and proper consideration is given to every small business project proposal on its merits.

Secondly, I should like to stress the importance of self-employment. In our area, something like 18 per cent. of the private sector work force is self-employed, which puts a premium on the Government, local authorities and agencies being as user-friendly as possible to the self-employed. There are a number of questions to be asked about that. Highly valued apprenticeship schemes, other training and funding are available to small businesses, but is it as accessible as possible to the self-employed? Could more specific training and assistance be developed to ensure that the self-employed can make the most of their business opportunities? Can action be taken on ensuring that schemes are available for unemployed people to get back into work through self-employment when that is a realistic prospect? People are attracted to the idea of self-employment and explore the idea when they get over the immediate shock of redundancy, and many have good ideas, but they need support to make the most of them.

Thirdly, as more small businesses now operate from home—let us remember that there are environmental benefits from that, such as reducing congestion and so on—will we encourage local authorities and other agencies to be as supportive as possible? There is a balance to be struck, and there could be a nuisance to neighbours, but with imagination and sympathy, some things should be considered. Could we allow small quantities of office waste from home-based offices in the domestic recycling rather than over-policing it? Could more grants be made available for the installation of business lines and broadband for home-based businesses? Could more support be made available for local, community-based business networks, so that small businesses are in a position to help each other with advice and marketing opportunities?

My fourth point was mentioned by the hon. Member for Solihull (Lorely Burt). It is crucial that we tackle small business access to public sector procurement, a long-running frustration for many small businesses. I know that the Government and the Department have made efforts in that direction, but more needs to be done, especially now that the Government are planning, quite rightly, to spend £10 billion on contra-cyclical public works projects to provide economic stimulus and drive job creation.

As I said, those jobs will come disproportionately from small businesses. They need a fair slice of the action when it comes to getting contracts. To offer the maximum return for input, procurement contracts must be packaged so that they can be small-scale and short-term where appropriate; they must be easy to access; and they must be marketed to small businesses at the local level. More could be done to avoid protracted procurement schemes, planning issues and gestation periods, which are often a barrier to small businesses' access to procurement opportunities.

I endorse the idea proposed by my good constituency colleague from Oxfordshire, the hon. Member for Banbury (Tony Baldry), of advice surgeries for Members and small businesses in their constituency. It is a good suggestion that would enjoy all parties' support, and I hope for a favourable response.

These are unprecedented times; we all know that. The challenge is huge. The Government are doing a great deal, but they need to do still more to ensure that small businesses can survive, keep providing invaluable jobs and play a full part in recovery. I urge the Minister and his colleagues to take a checklist through the Department's policies and related areas and ensure as much as possible that they are targeted, appropriate and user-friendly for small businesses.

3.12 pm

Daniel Kawczynski (Shrewsbury and Atcham) (Con): I congratulate my hon. Friend the Member for Kettering (Mr. Hollobone) on securing this important debate. I have great admiration for the men and women in my constituency who have set up their own small firms. I never had the guts to go into business and set up my own company, because I was always worried about paying people at the end of the month, generating enough money to pay for it all and having enough for my mortgage. I always worked for big business, which provided the safety net of knowing that I would always get paid at the end of the month and that I could look after my family. I admire the men and women with the guts and determination to set up their own businesses.

My favourite expression in politics is that business is the workhorse that pulls the social welfare cart. I use that phrase over and over again when talking to my constituents. If we overload that horse and make life

[Daniel Kawczynski]

too difficult for him, like the horse in "Animal Farm", he will collapse under the weight of red tape, taxation and everything else. That is why it is imperative for the Government to do everything possible to ensure that the environment for those businesses is healthy and that they can get through these difficult circumstances.

I am disappointed by the lack of attendance at this important debate. Apart from the Minister and his parliamentary assistant, there is only one Labour Member here. That is disconcerting when we know how much our businesses are struggling. In fact, there are more civil servants here than Labour MPs. If the title of the debate were "Support for Trade Unions", we would not be able to get into the room, because it would be filled with Labour MPs. I worry about the lack of care and interest in small businesses shown by the Labour Government. Very few Ministers have run businesses or have been involved in them.

What will the Minister do to help councils streamline the tendering process? I get frustrated with Shropshire county council's tendering process. I recently went to see the head teacher of a primary school, who told me that, if the school wants to get a small wall built, it cannot just get quotes from three reputable companies in Shrewsbury but must go through a hugely long-winded tendering process. It can employ the services only of companies on the special preferred list, many of which are not even from Shropshire but from Birmingham, Manchester or Leeds. More should be done to help local companies in Shropshire get through this terrible crisis.

I went recently to Radbrook primary school, where I saw the state of the young children's toilets, which were totally inappropriate. I would love to help Radbrook primary school employ the services of a reputable local builder to build that vital extension, but I was told that that was simply not possible, because the school must go through an extremely long-winded process. I recently had a meeting with Shropshire county council's director of finance, Laura Rowley, who promised me a conference at which local businesses could meet the county council's procurement officers in order to start more effective dialogue, but it is imperative for the Government to do more.

Shrewsbury is the county town of Shropshire. We depend on people coming into our town to shop, but so many shops and small businesses have "To Let" or "For Sale" signs. Too many of our high street businesses have those signs, which have a lot to do with the high rates that businesses pay. Again, Shropshire receives only a fraction of the funding received by other parts of the country—particularly inner-city Labour constituencies—so the council is grappling with a huge deficit. That is one of the reasons why rates are so desperately high. I have talked to Councillor Judith Williams, one of Shrewsbury's best councillors, about her shop in the centre of town that sells carpets and furniture. She told me how stressful it is to grapple with the rates and overheads at the end of every month, which is one of the reasons why she has closed it.

It is imperative to support small local shops. In my village of Shawbury, I always make a point of going to Citadel Farms, which is run by a local farmer, Chris Williamson, and his wife. Their farm shop sells only locally produced food and meat. When supermarkets such as Tesco, Sainsbury's and others are making huge profits, it is important that we all play our part in supporting our small local shops, rather than always going to supermarkets.

Our farming community is facing epidemic problems. While preparing for this debate, I spoke with many farmers who said that they are struggling with huge amounts of red tape. What with the Rural Payments Agency and the Department for Business, Enterprise and Regulatory Reform, they have reams of paperwork to fill out.

The BBC website has an article today entitled "Small firms fighting the economy blues", which includes 10 or 12 case studies. I often criticise the BBC—I refer to it as the liberal elite—for being in another world. The case studies show how small firms are persevering and doing extremely well in this economy. The BBC is so detached from reality that it does not comprehend the appalling situation faced by our small businesses, which is, as my hon. Friends have said, unprecedented. I look forward to hearing from the Minister about what direct steps the Government will take to help small businesses.

Mr. Mike Hancock (in the Chair): Three Members want to speak. Will hon. Members promise to look at the clock in order to give everyone a chance to have at least three or four minutes? Can we be that generous to each other?

3.20 pm

John Barrett (Edinburgh, West) (LD): Thank you, Mr. Hancock, and I will do my best to be very brief.

Support for small businesses is absolutely vital, as everyone here today has said. Before I came into Parliament, I ran two separate small businesses, but I cannot believe that there is one Member in any party in the House who has not been contacted by a business that needs some help at this time.

Recent events should have brought the banks, businesses small and large, finance companies and leasing companies together. However, what has happened has bewildered many people, as banks have received billions of pounds of public funding while at the same time tightening the screws on small businesses. The banks have not been supportive or passed on interest rate cuts. Instead, they have done the opposite by raising charges, withdrawing services and removing facilities.

Many years ago, when I was in the States, the motto of the Fleet Bank of America was that a bank should be more than a source for money; it should be a force for positive good. However, we are seeing the complete opposite of that today. In my constituency, Royal Bank of Scotland and Halifax Bank of Scotland are two of the largest employers, yet, at the same time, I am constantly contacted by businesses that use those two banks saying that their bank is not only failing to support their business but being an absolute hindrance by changing the terms of their loans and pulling back on facilities.

Ironically, the owners of a business based in the Chancellor of the Exchequer's constituency—Edinburgh, South-West—live in my constituency, and that business has been affected. I have contacted the Chancellor and will be delighted to provide the Minister with the full details today, because what is unfolding in the Chancellor's constituency is an absolute outrage. The banks are receiving billions of pounds of our money, which includes the employees of that certain company, but unless the banks do something that business is in serious danger.

We have seen public money going into the banks to keep them in business, but those benefits have not been passed on. We cannot continue to pump money into the banking system without an assurance that the banks will take immediate action to support small businesses. Time is of the essence.

Today, record levels of unemployment have been announced, and I fear that many companies north and south of the border and across the width of the country are close to the edge. We have an opportunity to keep a lot of small businesses in business, if the Government get together with the leading lights in the banks to ensure that the money works its way into businesses. Those businesses are not asking for charity; they are asking for a level playing field, so that they can provide work and services, employ their employees and pay their taxes, including their company taxes.

Many of these small businesses are running at a profit, but they face severe cash-flow problems. I would be grateful if the Minister, when he is winding up today, were to assure me that the Government will do everything that they can do to ensure that the banks support these businesses. We are not asking the banks to loan money to businesses that are not good investments. Unfortunately, however, unless things change, very good businesses will not be able to trade, because of the banking system's lack of co-operation.

3.23 pm

Tony Baldry (Banbury) (Con): In the past, owners of small businesses and self-employed people, as mentioned by the right hon. Member for Oxford, East (Mr. Smith), went to the banks and raised money on the collateral of the equity in their homes. That is clearly not happening; the value of homes is going down and the banks have just not been lending. As has been said throughout this debate, what is actually needed is credit. The Government have come forward with a scheme—the enterprise finance guarantee scheme—but that scheme still requires the banks to guarantee 25 per cent. of the loans involved; the Government will guarantee 75 per cent., but the banks will have to guarantee 25 per cent.

This afternoon's debate is not the opportunity or the occasion for a general beat-up on Ministers. Over the next few months, as the unemployment figures creep up, we will all encounter individual constituency cases where people have problems. I have the hotline numbers for Jobcentre Plus and Her Majesty's Revenue and Customs, but what I want to know from the Minister is who, given his Department's responsibilities, will give me authoritative answers to questions relating to small businesses and small business programmes? In other words, if the owner of a small business in my constituency comes to me and says, "I have been to the bank for the enterprise finance guarantee scheme and it has turned me down," I do not want to spend two months writing to the Minister, getting a letter back from his private office and so on and so forth. I want someone locally. Is that person in the South East England Development Agency, or are they in Business Link? Who has the authority of the Minister and his Department to talk to Members of Parliament and get such matters sorted, because we are in the business of problem solving?

It would be helpful if the Minister were to take up my idea of having occasional surgeries for small businesses. I appreciate that his Department is pretty stretched at the moment in terms of Ministers, because the Secretary of State is in the House of Lords, one Under-Secretary of State is in the Commons and two other Ministers are shared with other Departments. I understand that quite a heavy work load has fallen on his shoulders. However, rather than feeling that the only way in which Members can get heard is to secure Adjournment debates, if we were to have regular surgeries to bring generic problems to him, it would help us, and I suspect that it would help him and his officials.

3.25 pm

Mr. Andrew Pelling (Croydon, Central) (Ind): It is a great pleasure to serve under your chairmanship, Mr. Hancock. I particularly want to thank the hon. Members for Banbury (Tony Baldry) and for Edinburgh, West (John Barrett) for their courtesy in providing me with the time to speak in the last few minutes before comments from the Front-Bench spokesmen and the Minister.

Debates such as this provide an opportunity to give constructive feedback to Ministers about how their initiatives to provide support for both small businesses and the economy as a whole are having an effect or otherwise. I think that the Government are determined to move as quickly as possible in fast-moving markets to provide effective support. However, it also needs to be borne in mind that the uncertainty that is created for small businesses, which are perhaps awaiting yet further radical action by the Government, often means that such businesses wait before making decisions, which in itself leads to a reduction in economic activity.

It is clear from the feedback that I have received from smaller businesses in Croydon that there is a real welcome for the announcement by the Government on the delay of corporate taxation payments. That announcement is going down very well, and it is certainly helping to oil the wheels of business. However, I have received another important piece of feedback from businesses about the Government's new loan guarantee scheme. The immediate impression is that the maximum amount of turnover to qualify as a small business under the scheme, which is £25 million, means that many banks are putting an emphasis on those companies that have turnovers between £20 million and £25 million, which means that businesses with lower turnovers are not necessarily seeing the benefit of that important Government initiative. Perhaps further consideration needs to be given to the fine tuning of the operation of the scheme when, in effect, the very generous approach that the Government have taken in providing money is not necessarily delivering the improvement that they would like to see.

For small businesses dealing with financial exigencies in the coming months, because they will no longer have the assets to call upon to provide support for their businesses, it is likely that there will be more company voluntary arrangements, or CVAS, whether those are personal arrangements or some kind of compromise in terms of the business. That is a very real problem.

[Mr. Andrew Pelling]

I am very grateful for the input that I have received from Croydon Business and from other businesses within Croydon. In many ways, Croydon is an useful example to consider in order to gain an immediate view of how the Government's initiatives are getting on. We have a large public sector and some very large businesses, such as Nestlé, but south London is typified by a huge range of very small businesses and even micro-businesses. It is interesting to see the way in which Government policy is having a positive or negative effect on the performance of all those businesses. I am particularly grateful for the work that is being done by a gentleman called Jeremy Frost, whose business is much busier than many others because it deals with the challenges of potential insolvency, which is unfortunately a growth business in Croydon.

It was suggested earlier that the effect of the VAT cut has been very small, and I think that that is the case in terms of the efficacy of the approach. However, that does not necessarily mean that that approach to helping retailers is a bad policy; it is just a matter of scale. The Government need to remember that a £20 billion stimulus to the economy is in fact very small, when one considers that the effect of the decision to crash Lehmans into an emergency default, rather than a managed default, is estimated to have cost about £70 billion in unexpected losses.

Often, it is a matter of degree. Perhaps Government policy on helping small businesses and the economy as a whole is developing with the realisation that it has to be about scale. However, I do not understand and would be interested to know why the Government did not feel able to pursue the bad bank solution in dealing with this week's crisis in the financial markets.

3.30 pm

Lorely Burt (Solihull) (LD): I congratulate the hon. Member for Kettering (Mr. Hollobone) on securing this important debate. He has presented a moving and clear picture of the plight of small businesses, as have other hon. Members, so I shall not prolong the agony by describing small businesses in my constituency. Instead, I shall comment on the solutions that hon. Members have suggested and shall give a couple of my own.

The hon. Member for Mid-Worcestershire (Peter Luff) talked about the small business rate relief being paid automatically to small businesses. That was a valuable suggestion, and I should like the Minister to comment on why that would not be possible, because it seems an obvious thing to do. The smallest businesses are often those with the least access to information about the help available to them, so it is incumbent on the Government to help them as much as possible, as they need help the most and are the least likely to know about it.

Empty property rate relief has been mentioned, and I have tabled an early-day motion on that today. The rate relief for rateable values of up to £15,000 is extremely welcome, but one does not get much, in terms of rateable value, for £15,000. If one is in a town centre, or is lucky enough to be in the beautiful constituency of Solihull, that £15,000 really does not cut it. Today, I have asked hon. Members to sign my early-day motion, which says that we should consider extending that upper limit of £15,000. Perfectly good properties are being demolished and other properties are being offered for peppercorn rents by property owners who are unable to afford the rates on properties that are not generating any revenue. A gentleman in my constituency is offering warehouse space at 50p a square foot. That is unbelievable, and we must do something, otherwise there will be no empty properties available, come the upturn, to facilitate all the things that we need.

We have heard some tragic stories about the banks. I shall not single out the particularly guilty ones, but their insensitive and inflexible treatment of some small businesses beggars belief. They are not doing what they have been asked to do and are reducing overdrafts even when they are not being used. They are reducing credit terms and increasing costs. They are withdrawing credit and loans altogether, without even letting people know and without considering what effect those actions will have on jobs and on people's lives.

The hon. Member for Kettering mentioned cash flow and the lengthening of payment dates. Small businesses are being squeezed in both directions—by the banks and by the companies that they supply, which are increasing how long they take to pay—so they are stuck between a rock and a hard place.

On solutions, the Government have done a number of brave things to try to help business, and we should acknowledge all that they are trying to do. For small businesses, in particular, we have had the enterprise finance guarantee scheme, which will be okay as long as the money flows through. I am worried about how long it often takes for Government-initiative money to reach the individuals who desperately need it. If someone has been in a road accident and is bleeding to death, one would not make them fill in a long questionnaire before applying the tourniquet. It is important to make sure that that money reaches those small businesses as quickly as possible.

The Government's initiatives support small and medium-sized business, but not large business. I mention large business because every large business has a supply chain of small businesses, and those supply chains are suffering at the moment—none more so than the motor industry. For every job with a car manufacturer, there are about five in the supply chain, so it is of great concern that the Government have not made any announcements about the car industry. That is a particular concern in my constituency, where Land Rover has already laid people off, and we have heard about Honda postponing further production for another two months. The situation could not be more urgent for all employees in the UK.

The Government have said that they will spend £10 million on development, but only 16 per cent. of contracts with Government bodies go to small business. The Federation of Small Businesses has suggested that organisations that spend our taxpayers' money could make tender contracts smaller. As I said to the hon. Member for Kettering earlier, if the Government intend to pay on time, that must be conditional on a faster payment passing down the supply chain, so that the big fish do not get fatter at the expense of the small individuals who, if I may mix my metaphors, are trying to get the crumbs from the table. Will the Minister tell us how many shovel-ready contracts the Government are in the process of giving the green light to?

On procurement, the hon. Member for Shrewsbury and Atcham (Daniel Kawczynski) talked about the barriers to becoming an approved supplier. There is something called the small business concordat, which has been signed up to by a small number of local authorities. In a recent White Paper, the Government expressed the aspiration that 30 per cent. of their procurement should go to small local businesses. Will the Minister report on how they are doing on that target and how that is being measured? They are spending our money, so will the Government consider improving the procurement requirement that often closes the door in the face of small business?

Trade credit insurance has been mentioned, and it is terribly, disproportionately damaging to small businesses that cannot ensure their credit sources. The Government have promised to look at improving the situation, so will the Minister tell us what progress is being made?

On apprenticeships, there is another Government initiative to create more. Some 69 per cent. of all apprenticeships are with small business, but the FSB has found that only 5 per cent. of its members are aware of potential wage contributions toward apprenticeships. We have talked about automatic payments. Could not whatever a business is entitled to when it takes on an apprentice be levied automatically?

On flexible working, it is much easier for a small business to agree flexible, part-time working than to lose people altogether. By doing so, they can keep skilled workers on stream and at least keep people in some work if not in full-time work. The FSB has asked for tax exemptions for people working for up to 15 hours. Will the Minister ask for suggestions for tax relief, especially for small businesses, so that flexible working can easily be facilitated? As we know, administration is five times more time-consuming for a small business than for a larger business.

In conclusion, nothing is going to affect this economy until the banks start lending again. The British taxpayer is now in hock for unspecified millions of pounds, and the Government have written a blank cheque. We already own 70 per cent. of the Royal Bank of Scotland. If we nationalise the weaker banks, it could release the stranglehold on lending that we have in this country. The Government can do lots more, and hon. Members have provided many good suggestions. I will sit down now to allow the final speaker to contribute and the Minister to give, I hope, constructive suggestions in his response.

Mr. Mike Hancock (in the Chair): I am delighted that you have kept to your time. I call Mark Prisk.

3.40 pm

Mr. Mark Prisk (Hertford and Stortford) (Con): I also congratulate my hon. Friend the Member for Kettering (Mr. Hollobone) on securing this timely debate. As all of us know, he is an assiduous Member who works comprehensively for his constituents; they are fortunate to have such an effective representative.

A number of contributions have described how many constituents' small businesses are facing a harsh economic winter and how falling demand and shrinking credit means many fear for their survival. The contributions of my hon. Friend the Member for Shrewsbury and Atcham (Daniel Kawczynski) and, obviously, my hon. Friend the Member for Kettering brought out the human cost of what a recession really means. No wonder, therefore, that ministerial talk of green shoots was met with such derision last week. The problem is that such comments say to the public that the Government are now detached from their world.

As someone who started my own firm at the bottom of the last recession, I understand the stress and strain that many of the small firms that we have talked about today are facing. That is why last October, my Conservative colleagues and I called for action to help cash flow and action on working capital. That is why last November, we called for a national loan guarantee scheme of £50 billion to underpin bank lending to business. The scheme was simple and open to all businesses in all sectors. Its aim was to support good firms through tough times. My hon. Friend the Member for Banbury (Tony Baldry) rightly highlighted the importance of that issue.

Last week, the Government finally offered us a pale imitation of that scheme. I am pleased that they have finally realised the need for it, but why has it taken so long? The Federation of Small Businesses has told us that 10 businesses go bust every day. Why has it taken Ministers two months to draw the scheme together, and why limit the scheme to cover for £20 billion, not £50 billion? Also, why limit its remit to selected firms, as the hon. Member for Solihull (Lorely Burt) pointed out? Martin Weale of the National Institute of Economic and Social Research has said:

> "My guess is that it won't be enough. After a few months it will look like another of the government's half measures."

So, it is clear that more needs to be done, and the right hon. Member for Oxford, East (Mr. Smith) was right to say that. May I say that I strongly support the mention of co-operatives? In this particular instance, they have an important role to play and he was right to touch on that. He was also right to mention home-based businesses.

Action needs to be taken, which is why in October and November we started to set out some practical ideas that could help small business. First, small and medium-sized enterprises need to be able to defer their VAT bills for up to six months. I recently met a logistics firm that is not dissimilar to the one already mentioned. It told me that the ability to defer VAT would be fantastic—after all, its quarterly VAT bill is about £90,000—and would provide immediate flexibility in relation to its bank balance.

Secondly, the smallest of employers—those with up to five employees—should be able to cut their payroll by 1 per cent. for at least six months. A typical firm with, for example, four employees would save about £600 over that period. That is not a huge amount, but as my hon. Friend the Member for Kettering said, for many businesses it is the difference between being in business or not being in business next month.

Thirdly, I have personally helped thousands of eligible small businesses claim the rates relief to which they are entitled. As we have heard, less than half of eligible small businesses claim that relief, yet it is worth up to £1,100 per annum. To help them, I have put on the web a simple online checker that even a technophobe such as myself can handle. It is very easy: someone puts in their details and their postcode, and they can see immediately whether they are eligible. They then print off the form and send it to their council. I am pleased to say that hundreds of firms have already used that service, which

[Mr. Mark Prisk]

can be found at www.conservatives.com/smallshops. The point has been made that business rate relief should be automatic. As has been mentioned by a number of hon. Members, I hope that the Minister will respond to that directly. It is automatic in Wales, but what about England?

The actions I have talked about contrast sharply with what the Government have been doing. They have been talking a lot—there have been lots of announcements and press releases—but not doing much. For example, on funds from the European Investment Bank, which I think has been mentioned, the Prime Minister promised us in a press release of 10 September that he would get EIB funds flowing "as soon as possible". In October, he said that again at the EU summit and repeated the pledge in November. Our competitors in France, for example, had already given €300 million to their businesses by the end of October. By December, the Italians, the Spanish and, indeed, the Czech Republic had handed more than €550m to their small firms. Yet when I asked the Minister in December how many millions of pounds our businesses had received, he was unable to give any examples. So, four months after that first press release, can the Minister tell me how many businesses have received the money and what proportion of the £1 billion due has been paid to British firms?

I have mentioned how Government dithering has failed to assist small firms, but unfortunately they have also put policies into practice that are actually hurting small firms in our constituencies. Let me offer three simple examples. First, the Government have changed the rules on capital gains tax, which will cost owner-managed businesses £250 million in this tax year alone. Secondly, as mentioned, they have levied business rates on empty properties, which will cost £700 million this year alone. Thirdly, as we have heard, we have, of course, also had the temporary cut in VAT announced in the pre-Budget report. We were told soundly by the Chancellor and, indeed, by the Prime Minister that that would kick-start retail sales and save the high street. Well, the British Retail Consortium has reported that December 2008 sales were the worst since records began—that was after the cut in VAT. Sir Stuart Rose at Marks and Spencer said it made "no material difference". The cut in VAT not only failed to kick-start the high street, but cost business £300 million to implement. Those three policies—the change in VAT, the change in CGT, the rise and application of business rates to empty properties—mean a £1.25 billion increase in tax bills, just when businesses are facing one of the toughest economic climates that they can possibly imagine. I hope that the Minister will tell us how those policies have helped small firms.

This has been a timely debate and I know that hon. Members are keen to hear the ministerial reply. We have had some excellent contributions, which have highlighted the human aspect of what a recession is all about. I genuinely hope that the Government consider the outstanding suggestion of my hon. Friend the Member for Banbury that they should have a hotline and that Ministers, possibly including the noble Baroness Vadera, should have surgeries. That is important and I hope that the Minister responds to it positively. It might help ministerial work load as well as small firms, so I look forward to his positive reply.

The bitter truth is that Labour's schemes for small firms are not working. Recapitalisation failed to get credit flowing; the £1 billion that we were promised from the EIB has failed to materialise; and the VAT cut that was meant to help the high street has failed to do its job. Conservatives understand small businesses—often from our own practical experience—and we believe that they deserve better. They need practical help, their costs cut and Government off their back. Given the chance, we, as Conservatives, will help small businesses through the tough times and onward, once again, to prosper and get Britain working.

3.49 pm

The Minister for Employment Relations and Postal Affairs (Mr. Pat McFadden): Thank you for your chairmanship this afternoon, Mr. Hancock. I, too, thank the hon. Member for Kettering (Mr. Hollobone) for successfully applying for this debate. He is absolutely correct to say that this is an issue of huge importance to our constituents and, indeed, to the whole country. He went through a number of examples of problems that individual small firms in his constituency face. If I gaze into my crystal ball, I can see some copies of *Hansard* being posted to various constituents and small businesses in the Kettering area, and, as Minister with responsibility for postal services, I look forward to that small increase in revenue for a very important national business. I also thank all parliamentary colleagues who have spoken today, raised various issues on behalf of constituents or small businesses and made suggestions. I shall try, in the limited time available to me, to set out the Government's approach and to answer some of those points.

I must pick up on the onslaught about the number of Members in this debate. There have been, at different points in the debate, four Members on the Government Benches, and I can count four Conservative Members, two Liberal Democrat Members and one Member who sits as an independent. Small businesses are worried not so much about how many Members are sitting in the Chamber, but about their own fate. The hon. Member for Hertford and Stortford (Mr. Prisk) said that the Opposition understood small businesses. Well, that is a claim about which people will make their own judgment. All I can say is that many more small businesses exist now than when the Opposition were in power and that those businesses employ more people and contribute a huge amount to our national income. Some 13.5 million people—up by 1.3 million—are employed in small businesses, and they contribute about one half of our national output.

We heard in the debate that small businesses face significant problems due to the global credit crunch. First, we must remind ourselves of its extent and scope: the international banking system has been shaken to its very foundations in the past year; 1 million jobs have been lost in the United States in the past two months; Chinese exports are down; and the International Monetary Fund predicts that world output will fall this year—for the first time since the end of the second world war. The global economy has not experienced such shocks in modern times, and they are unprecedented in their scope, scale and confluence, which is why Governments throughout the world are having to act to support banking systems, credit and their economies.

I turn to some of the measures that we have taken. In October 2008, we recapitalised the banks. There is an important point to make, because the hon. Member for Kettering talked about the large sums involved. It can be confusing to our constituents to hear sums that involve tens or hundreds of billions of pounds. First, however, it is not all direct Government expenditure but money that has been injected into the system in return for assets, charged at commercial rates, or taken the form of temporary loans. We should not give the public the impression that the huge sums announced represent normal Government expenditure that is spent once and never returned either to the Government or to the taxpayer.

Secondly, the recapitalisation was about intervening to save the banks not just for banks' sake, but for the whole economy's sake, because banks serve as the foundation of an efficient market economy and as the oil that allows the wheels to move. Without a stable banking system, I dread to think what the consequences would be for the small businesses about which the hon. Gentleman is quite rightly concerned.

The Ernst and Young ITEM Club's chief economist noted recently:

> "It is easy to criticise…the Government's policies… However, we must not lose sight of the fact that they have prevented the collapse of the monetary system as we know it".

That is the action that we took in October. We announced further measures in the pre-Budget report. I shall not go through them again here, but colleagues will know what they are: introducing empty property relief for properties with rateable values up to £15,000; and allowing businesses to apply for flexibility when paying tax bills. So far, more than 20,000 businesses that contacted the business payment support line have been given agreements to delay payment of tax, amounting to more than £350 million of tax. I thank the hon. Member for Croydon, Central (Mr. Pelling) for reflecting the positive impact that that has had on some businesses. As the Chancellor said at the time, it is important that Her Majesty's Revenue and Customs shows some flexibility towards hard-pressed small businesses, and those figures show that that is happening and that there is some understanding of their difficulties.

I turn to the package that my noble Friend the Secretary of State for Business, Enterprise and Regulatory Reform announced last week.

Mr. Prisk: *rose—*

Mr. McFadden: But, before I do, I give way to the hon. Gentleman.

Mr. Prisk: I am grateful to the Minister, who is being generous with his time. He touched on rates, but will he respond to the question that several Members have asked—namely, are the Government minded to make business rate relief for small businesses automatic in England as it is in Wales?

Mr. McFadden: I am always interested when the hon. Gentleman raises the issue of small business rate relief. I gently remind the House that the Opposition voted against the introduction of that relief, and that, when the vote took place, the hon. Gentleman was present in the Lobby trying to stop its introduction. I am interested in his conversion, which is always welcome, and, of course, we will consider representations on all those matters. I am sure that my colleagues at the Treasury and at the Department for Communities and Local Government will consider representations on the issue, but now, I shall return to the package that we announced last week.

We announced three measures, but I shall mention just two. First, there is the working capital scheme, which is about sharing risk between the Government and banks to free up lending. It is not a scheme to which individual companies apply, but it allows banks to put together portfolios of lending in which the Government can share the risk, freeing up lending to companies with turnovers of up to £500 million. Secondly, there is the enterprise finance guarantee, which will support up to £1.3 billion worth of bank loans to companies with a turnover of up to £25 million. That is a scheme to which companies can apply directly. Through all that, we are trying to free up lending to small businesses without replacing the proper banking function of judging who is entitled to a loan and who is not. We introduced those measures precisely because we understand the difficulties that small businesses face.

Turning to the issue of information and help for ordinary businesses and for hon. Members, I am quite happy to discuss with my colleague, Baroness Vadera—a Minister in the Department that covers small businesses—the suggestion that the hon. Member for Banbury (Tony Baldry) made. I agree that Members should be able to approach the Department, and I hope that it is clear that I am always available to Members of whatever political stripe if they wish to approach me about a constituency issue. That has always been the case, and we will do what we can on that front. Businesses should go to Business Link to check for information on the schemes. There is a website, businesslink.gov.uk, and a helpline, 0845 600 9006.

I have been able to respond only to some points, as is always the case with these debates, but, suffice it to say that we understand the importance of small businesses; we have taken action to support and to help them; and we will continue to do so in these difficult economic times.

Mr. Mike Hancock (in the Chair): Thank you very much, indeed, Minister. I thank all Members who took part in the debate for their courtesy to the Chair and to each other, which allowed everyone to get in. That co-operation is very helpful.

3.59 pm

Sitting suspended for a Division in the House.

Gaza

4.13 pm

Clare Short (Birmingham, Ladywood) (Ind Lab): I am grateful for the opportunity to report to the House on my recent visit to Gaza. Also, I wish to press the Government to do more to uphold international law.

It is my view, and that of many others, that if international law were upheld, there could and would be two states in Palestine, and we could look forward realistically to peace, but Israel constantly flouts international law, and the United States, the United Kingdom and the whole of the European Union collude in that. Thus, Israel concludes that might is right and uses its massive armaments to kill and bombard any who resist the constant expansion of its borders and land.

Currently, we face the prospect of decades of bloodshed, conflict and bitterness in the middle east. We also see the authority of international law and the moral authority of the United Nations being eroded. That, alongside growing environmental strains and population growth in the poorest countries, promises a grim and disorderly future if we continue on the path that we are on.

I reported briefly in the topical debate on Thursday 15 January on my visit to Gaza with a group of European parliamentarians in early November. I and other Back Benchers had six minutes to speak in the debate. Given that the Conservative and Labour leadership agree on the policy towards Israel but are out of tune with the views in the country, such limited time for Back-Bench dissent is unhealthy, but it is the reality that the House of Commons has experienced during the terrible crisis in Gaza.

I had a letter from a member of the public who was much distressed by events in Gaza. He watched the whole of the topical debate and was shocked that it ended with no vote and no action. I agree with him that the debate on Gaza demonstrated the weak and increasingly feeble state of the House of Commons.

During our visit to Gaza, we witnessed the shortages of food, paper and pens in the United Nations Relief and Works Agency schools, and shortages of water, pharmaceuticals and other medical necessities. Even more dreadful, the sewage systems are not adequate. Raw sewage is pumped into the sea. There are plans for new sewage treatment plants, civil engineers are available and donors' funds have been committed, but Israel will not permit the materials to be imported. When it rains, sewage floods into people's homes, and because the Israeli navy fire on the fishermen if they go beyond a five-mile limit, hungry people eat polluted fish and are constantly ill. Half the children of Gaza are anaemic, and, even before the recent bombardment, large numbers were severely traumatised by the endless threat of violent attack.

Israel also controls the import of EU-provided fuel for the power plant that gives light and power to Gaza. As everyone knows, Israel has partly bombed the power plant, but, as we left, it blocked all imports of fuel, and Gaza was cast into almost total darkness. The hospitals were run-down and lacking materials even before the terrible strains of coping with the injured from the three weeks of bombardment that have just ended.

Gaza is a prison. It is a large, crowded Bantustan of 1.5 million people on a strip of land 25 miles by six or seven. Seventy per cent. of them are refugees who were ethnically cleansed by the Israelis from other parts of Palestine. Half of them are children. Israel withdrew its settlements in September 2005, but it controls the borders and access to the sea and air. It has bombed the airfield, which therefore cannot be used. Young people with scholarships cannot get out to take up their places, and sick people who cannot be treated locally cannot get out for medical care.

Gaza is a prison—and that, of course, is why the tunnels exist. We went to Rafah to see them. Yes, some explosives may come through, but mostly what comes through are the necessities of life. British prisoners in Nazi prisoner-of-war camps built tunnels; Sarajevo built a tunnel—imprisoned people build tunnels. Now Israel has destroyed Rafah and the tunnels. It wants complete control of Gaza and for the people to lie down abjectly and accept their imprisonment.

The tightening of the siege with full support from the EU, the UK and the US was the result of the Palestinian people daring to vote in internationally scrutinised elections for a majority of Hamas parliamentarians in January 2006. Following that, the Palestinians formed a Government of national unity, but Israel, supported by the US, did not want that. It is a matter of record that the policy supported by the UK was to incite division between Fatah and Hamas and to support fighting in Gaza. I understand that Britain supplied arms to the Fatah forces—that comes from authoritative sources.

In response, Hamas took over Gaza. UNRWA staff told us how much safer life was without the conflict and roadblocks, but then the world besieged Gaza, imposing collective punishment on the people. That is an offence in international law, which lays down how people should be treated in occupied territories, but, as I said, none of the high contracting parties to the Geneva convention, including the UK, stand up for international law in the occupied Palestinian territories.

Mr. Andrew Smith (Oxford, East) (Lab): I have listened with great interest to the description of the awful humanitarian situation in Gaza. Is it the case that the readiness to ensure that breaches of international law and alleged war crimes are investigated and prosecuted is critical not only to the future of the middle east, obviously, but to our many constituents who care about the matter, especially those in the Muslim community, and much more widely as well? The perception of double standards damages the prospects for international peace and can also sour relations between the Islamic world in general and the rest of the community. Building bridges by ending those double standards is critical for the way forward internationally and for solidarity at home.

Mr. Mike Hancock (in the Chair): Order. You are slightly pushing your luck, Mr. Smith.

Clare Short: I agree absolutely with my right hon. Friend. I will come to that point and make that argument. It is the duty of parliamentarians and the public in the UK, and across Europe, to hold our Governments to account. The fact that they do nothing to enforce international law is a green light to Israel to keep breaking international law. The people of this country, particularly young Muslims, are angry about that and see our Government as engaged in double standards. That causes rage everywhere.

We are told that the bombardment of Gaza was necessary because Israel has a right of defence against Hamas rockets. That justification of the attack is deeply dishonest. It is as big an untruth as were the claims about the need for war in Iraq. Two sets of facts are important when we assess Israel's excuse for its attack. For the past seven years, from when rocket attacks began up to 27 December when Israel attacked Gaza, those rockets killed 13 innocent Israelis and one foreigner. In that time, Israel killed 2,990 Palestinians in the Gaza strip, 634 of them children. Large numbers of those killed were innocent civilians, including many women and children. Those figures are provided by the Israeli human rights organisation, B'Tselem. There is no possible justification for us to say that Gaza was attacking Israel and Israel was not doing anything. The balance of attack and killing was that Israel was doing more harm to Gaza than the other way around.

A way to stop rocket attacks was available without the bombardment. Negotiations had led to a halt to them. Egypt negotiated a six-month ceasefire from June 2008, which Hamas held to, and the rocket attacks stopped. But then, breaching the terms of the ceasefire, Israel tightened the siege and, in early November, it broke the ceasefire with a bombing attack that killed six Hamas members. Let us be clear: Israel kills massively more innocent Gazans than vice versa and negotiations had stopped the rockets. There was no case for Israel's attack, which was clearly long-planned.

What is to be done about this dreadful situation that we are now in? All who defend Israel's position say that we must get back to the peace process, but the truth is that there is no peace process. Western policy is to divide and rule the Palestinians and, even though President Abbas and his Fatah faction do all that is asked of them, no concessions are made and the situation of the Palestinians on the ground gets worse still. It is clear, from the facts on the ground, that Israel has no intention of allowing the Palestinians their state on the lands that belong to them under international law and were occupied by Israel in 1967.

In the Jordan valley, in East Jerusalem and on the west bank, massive settlements and small settlements established by extremists but protected by Israeli forces stand alongside the wall, which takes an illegal route. In addition, the closures and the Israeli-only roads show that Israel is taking still more land and confining the Palestinians to a series of Bantustans, where they are locked in and constantly humiliated if they try to move, and economic activity is steadily crushed.

Prime Minister Olmert said that without two states there would be an international demand for an end to this apartheid system. Indeed, many South Africans, including Archbishop Tutu, have said that the situation is like apartheid in South Africa, only more brutal. Therefore, there are ever more calls for one state for all the people of Palestine, in which Jews and Palestinians, Israelis, Arabs and Christians would live side by side. But of course the demography shows, as Prime Minister Olmert pointed out, that Israelis would soon be in a minority. He said that there should be two states, but he does nothing to bring about two states.

I conclude, with many others, that the two-state possibility is almost certainly dead. That means a long period of conflict and that, internationally, we must mount another boycott, divestment and sanctions campaign across the world. That will take time and create great division, but if our Governments will not stand up for decency and international law, then the people must do so.

Mr. Geoffrey Clifton-Brown (Cotswold) (Con): I have a great deal of respect for the right hon. Lady, but does she not agree that all the international community has now more or less agreed that there should be a two-state solution? Is it not now up to the international community? It is up to Americans to pressurise the Israelis and whoever has influence with the Arabs, particularly Iran, to talk to them and make sure that this never happens again. Then we can get back to the peace process, put in the aid that is needed to rebuild Gaza, and, hopefully, we will not have this situation again.

Clare Short: I agree with the hon. Gentleman that the two-states idea is the answer, but it is eroding on the ground and no one is doing anything—including our Government and the hon. Gentleman's party's Front Bench. No one is standing by international law, which says that the lands occupied in 1967 cannot be incorporated into Israel and should be the basis for a Palestinian state. That is the answer, but it is disappearing. The world should be more troubled by that and should take more action to restrain Israel. That is the argument that I am trying to make.

Those who are briefed by Israeli sources tell us, as do the Government and the Opposition Front Benches, that Hamas is a terrorist organisation that refuses to recognise Israel, refuses to accept previous agreements that have been negotiated and refuses to end violence. Our delegation met Prime Minister Haniya when we were in Gaza and he said that Hamas had answered each of those demands. It had ended violence by agreeing to and standing by the ceasefire, as I have described. It recognises that the Palestine Liberation Organisation had made agreements—notably, Oslo—and thought that, although it was a bad agreement, it was properly made. I agree that that is a bad agreement and that the Palestinians have lost out on it, because it has not been completed. Hamas also said that it would recognise a long-term peace if Israel would recognise a Palestinian state on 1967 boundaries. It has met the demands of the international community, but the international community is not interested, will not meet and discuss the matter, and will do nothing to restrain Israel and hold it to account under international law.

I am afraid that the truth is that Israel does not recognise the Palestinian right to a state, as their reservations on the road map make clear. It is on the record that Israel certainly has not renounced viole[illegible] and does not comply with Oslo or the road map, in [illegible] it will not allow a Palestinian state to be established.

My request to the Government is that they cease their unbalanced policy and stand up for international law, on the basis of which we could achieve peace. I ask the Government, first, to halt all arms sales to Israel immediately. There is little doubt that British-supplied arms helped to kill people, including children, in Gaza. Arms sales should be halted.

[Clare Short]

Secondly, the Government have said that the allegations of war crimes during the attack on Gaza must be investigated. There are serious allegations from very authoritative sources. I have taken legal advice on this matter, along with Baroness Tonge in the other place, which I am sending to all Members of Parliament in the UK. We will also circulate it across Europe. Briefly, that advice is that, because Israel did not sign up to the jurisdiction of the International Criminal Court, it is necessary for the Security Council to fulfil the role envisaged for it when the Rome statute of the ICC was concluded in 1998. That statute provided that, when some suspects were not from states that were parties to the treaty, instead of a special ad hoc tribunal, as in Rwanda and Yugoslavia, the Security Council should refer the case to the ICC, as in the case of Darfur.

There have been serious allegations of war crimes, so it is right that all such allegations against all sides should be thoroughly investigated. I challenge the Government to refer the case to the ICC through the Security Council. Then we will see whether President Obama is going to stand up for international law and for the prospects for peace in the middle east, and abandon the US policy of vetoing all resolutions that in any way criticise Israel. An honourable Britain would do that.

Following on from that point, sadly, although the Foreign Secretary and Lord Malloch-Brown have said that all allegations of war crimes must be investigated, Amnesty International informs me that it is widely believed that the UK, in the European Council of Ministers, is not being supportive of proposals for investigations into violations of international law because that would set a dangerous precedent for UK military operations across the world. That is shocking. Are UK Ministers saying one thing in Parliament and another in Brussels? If the Minister cannot answer fully now, I hope that she will ensure that the Government's explanation is made available quickly.

In addition, the European Union has a trade treaty with Israel that gives it privileged access to EU markets. That treaty contains human rights conditionalities. Israel, even before the attack on Gaza, was in constant breach of the Geneva convention in its behaviour in the occupied territories, as the International Court of Justice spelled out in its 2004 advisory opinion. The route of the wall, the settlements, the closures and much else are a litany of breaches of international law, about which nothing is done.

I want to know why the Government and the rest of the European Union do not invoke the conditionalities in the treaty to require Israel to abide by international law. Instead, the EU proposes enhancing its relationship with Israel. The message is clear—that Israel can go on gravely breaching international law and no action will be taken.

Then we have the Geneva convention. It imposes duties on all high contracting parties to take action to impose its provisions for the treatment of people in occupied territories, yet the UK does nothing.

My conclusion is that UK policy is completely unbalanced, fails to uphold international law and therefore sends a constant green light to Israel to do as it wishes. As my right hon. Friend the Member for Oxford, East (Mr. Smith) said, that is a shocking example of double standards and hypocrisy. It is also a recipe for continuing conflict in the middle east and the erosion of international order.

I and others have been consulting lawyers about whether we can take action to require our Government to comply with international law and to require the EU to invoke the human rights conditionalities in the trade treaty. I am told that the tradition of our courts is that they do not interfere in foreign policy, but I suggest that we must take this further. If the Government will not uphold their duties under international treaties and the Geneva convention, and as Parliament has no power in this matter, surely it is time for the courts to act.

4.31 pm

The Parliamentary Under-Secretary of State for Foreign and Commonwealth Affairs (Gillian Merron): I welcome the debate and congratulate the right hon. Member for Birmingham, Ladywood (Clare Short) on securing it, because it provides a further opportunity for hon. Members to discuss the situation following the ceasefire. I should like to pick up on some general points and, if time permits, to refer to some of the specific points that she made.

Mr. Mike Hancock (in the Chair): Let me assist the Minister. The debate is now scheduled to finish at 4.43 pm.

Gillian Merron: Thank you, Mr. Hancock.

The UK was active both in private and in public in working for a ceasefire. With our support, the UN Security Council, on 27 December, called for an immediate halt to the fighting. That was followed by intensive work by my right hon. Friends the Prime Minister and the Foreign Secretary with their international counterparts to deliver the ceasefire. The focus of international efforts now, rightly, is to ensure that the ceasefire holds.

Without doubt the end of the hostilities will be welcomed most by the people of Gaza. We see day in, day out on our television screens the extent of the humanitarian tragedy caused by the fighting. To meet the urgent and profound humanitarian needs of the Palestinian people, on Monday the Prime Minister announced the trebling of the UK's humanitarian budget for Gaza, with an additional £20 million in aid to support the International Committee of the Red Cross to supply medical services. It will also deliver food, fuel and vehicles, and support desperately traumatised children. The UK is acting to stabilise unexploded bombs and, in the longer term, to help to rebuild destroyed homes. The UK also provides long-term support to the Palestinian people. In December 2007, we announced £243 million in aid over three years.

It is without doubt early days, but the ceasefires declared by Israel on Saturday and Hamas on Sunday, although fragile, appear to be holding. We welcome the announcement by Israel in the past 24 hours that its troops have now completely withdrawn from Gaza. The Hamas ceasefire must be accompanied by immediate action to ensure that there are no further rocket attacks into Israel. More than 300 rockets and mortars were fired into Israel between June and December, and a further 300 rockets were fired at civilian Israeli targets over an eight-day period.

Mr. Clifton-Brown: There is a desperate need to get food, water and medicines into Gaza. Will the Minister give us an assurance that the British Government will use every possible way to get that aid in as quickly as possible, if necessary by ships from the sea?

Gillian Merron: Indeed I can assure hon. Members that we are doing everything possible. As I said, we are working with our international counterparts and with organisations such as the ICRC. I will come on to the issue of support.

Clare Short: I think that the figures that the Minister has just given about rockets between June and December are wrong and, as I said in my speech, my source is an Israeli human rights group. I have also seen an exchange in which the spokesman for the Israeli Government agreed that the rockets stopped between June and December. I ask the Minister to re-examine her assertion. I think that she will find that it is false.

Gillian Merron: Of course, we can debate what is right and what is not. I respect the fact that the right hon. Lady disagrees with me, but the figures that I have given are the figures on which we have constantly relied and they are from what I believe is a reliable source. I will be happy to give further details of that, but for today we must, unfortunately, agree to disagree.

The right hon. Lady spoke about the status of Hamas. I think it wise that I refer to what the Minister of State, Foreign and Commonwealth Office, my hon. Friend the Member for Harlow (Bill Rammell), who has responsibility for the middle east, told the House on Thursday:

> "We should be absolutely clear that Hamas is not a benign organisation. It commits acts of terrorism, it is committed to the obliteration of the state of Israel and its statement last week that it was legitimate to kill Jewish children anywhere in the world was utterly chilling and beyond any kind of civilised, humanitarian norm."—[*Official Report*, 15 January 2009; Vol. 486, c. 399.]

We recognise Israel's right to self-defence. It is also the case that the use of force must be proportionate. We have made clear our view that the Israeli reaction was disproportionate, and we are gravely concerned at the allegations of breaches of international law made by credible organisations such as the ICRC and the UN. I remind the right hon. Lady and other hon. Members that just yesterday the UN Secretary-General called for a full investigation. That has our full support. Those allegations must be closely and speedily investigated under international law, with the three key parties to that being the UN, the ICRC and the Israeli Government. We are in touch with all of them.

Mr. David Winnick (Walsall, North) (Lab): I apologise to the right hon. Member for Birmingham, Ladywood (Clare Short) and to my hon. Friend the Minister for not being present earlier because of business upstairs. Will the Minister assure me that, if it is found that the allegations of war crimes are correct, every effort will be made by the British Government to ensure that those responsible for such crimes and atrocities, the victims of which include very young children, are brought to justice?

Gillian Merron: My hon. Friend will know that all of this is subject to international law, but he does allow me to raise the important point that before anyone talks in the House or elsewhere about the reporting of war crimes, it has first to be established under international law whether war crimes have been committed. There has to be an investigation. That is why I believe that today we are in a new place, in that the UN Secretary-General has called for such an investigation. I re-emphasise to right hon. and hon. Members that we thoroughly endorse that investigation, whatever the outcome may be.

Clare Short: Under the ICC—it was the new Labour Government who signed up to it in 1998—a state that has not signed up to the authority of the ICC can be dealt with by a reference to the international court and the prosecutor then makes inquiries. That is the way in which Sudan and Darfur were dealt with, and that is the right procedure, but the Government appear to be ignoring that and waiting for some other authority that does not have the same capacity in the international system to bring forward evidence. Please will the Minister consider referring the case to the ICC in the proper way so that the prosecutor there can make his inquiries?

Gillian Merron: Again, I regret that I have to disagree with the right hon. Lady. I have just outlined the process. Obligations under international law are clearly set out. As I said, first, there has to be an investigation to establish whether war crimes have been committed. We all know the process that will be followed if that is so. The obligation under international law is that the primary burden for investigation rests on the authority against whose forces allegations of war crimes are made. The due and appropriate process will be followed.

The next step in delivering a sustainable ceasefire is to see an immediate end to the flow of arms into Gaza. The UK is ready to play its part in ensuring that that happens. Along with our EU partners, we stand ready to reactivate the EU border assistance mission at the Rafah crossing with Egypt and are willing to consider extending that assistance to other crossing points. I say to the hon. Member for Cotswold (Mr. Clifton-Brown) that, last week, the Prime Minister confirmed that we are prepared to provide British naval support to stop the arms trafficking. Of course Egypt has a fundamental role to play in ensuring an end to arms smuggling through its border with Gaza, and we will work with it to establish border security.

Success in stemming the flow of arms into Gaza will have a direct effect on the reopening of the border crossings. We will continue to convey the need to open those crossings to the Israeli Government—they are vital to facilitate the free and unhindered passage of emergency humanitarian aid and to ensure the supply of goods needed for longer-term reconstruction. The two issues of arms smuggling and open border crossings will be at the heart of discussions this week. This evening, our Foreign Secretary will join 26 other EU Foreign Ministers to meet Israel's Foreign Minister. On Sunday they will meet their Palestinian, Jordanian and Turkish counterparts.

The biggest challenge now faced by the international community is to find a way to deliver a lasting resolution in the middle east. The crisis has undoubtedly highlighted the urgent need to make political progress in the peace process. There is only one way forward and that is a comprehensive approach with a two-state solution in Israel and Palestine, underpinned by a broader peace agreement between Israel and the whole Arab world,

[Gillian Merron]

about which the Arab League has shown itself to be extremely serious. In other words, we seek a 23-state solution—the 22 states of the Arab League, and Israel.

The Palestinian President recently described the Arab peace initiative as the most significant initiative of the last 60 years. Israeli leaders have also indicated that they view this peace initiative as a basis for negotiations. With a new Government in Israel, a new President in the United States and our commitment as a Government, we must seize this chance and reinject urgency into the middle east peace process. That must include a unified Palestinian Government.

The Foreign Secretary has already assured the House that the middle east peace process will be top of the agenda when he speaks to Secretary of State Clinton this week. The UK will remain active in providing humanitarian assistance in the short term and will be unstinting in its efforts to find a permanent peace between Israel and Palestine.

In the short time that I have available, I will refer to some of the comments made. The right hon. Member for Birmingham, Ladywood referred to international obligations. The UK has consistently called on Israel to fulfil its obligations under the fourth Geneva convention. That includes giving permission for the delivery of aid and supplies to Gaza. As the Foreign Secretary told the House, he raised that matter with Israeli leaders in his November visit.

Mr. Mike Hancock (in the Chair): I apologise to the Minister for intervening, but we must move to the next debate. I would like to thank the participants in this debate for their courtesy to each other and to the Chair.

Legal Services Commission (Cardiff)

4.43 pm

Julie Morgan (Cardiff, North) (Lab): I am pleased to have the opportunity to have this short debate today.

The Legal Services Commission is a non-departmental public body sponsored by the Ministry of Justice and responsible for running the legal aid scheme throughout England and Wales. It lets and manages contracts to legal service suppliers, who come from private practice solicitors and not-for-profit agencies. It also decides whether individuals should get full legal representation in civil court proceedings paid for out of public funds through legal aid certificates and assesses how much legal aid lawyers are paid in certain certificated cases. The LSC calls this last category "business support" and that is what I want to discuss.

I secured the debate because of my serious concern over a decision announced out of the blue to staff at the Wales Legal Services Commission office in Cardiff on 4 November 2008. The announcement stated that, as part of a refocus of financial resources and reorganisation into five business support centres for civil legal aid work, business support will be transferred out of Wales to one or more business centres in England by the middle of this year. That is in six months' time.

The decision does not mean that there will be no Legal Services Commission presence in Wales. Between 15 and 20 staff will remain to handle the letting of legal aid contracts to Welsh suppliers and liaise with them in managing contracts. However, in my judgment it represents a downgrading of the office at a time when most other national organisations have upgraded their representation in Wales in recognition of the political direction evident over the past 10 years. I am extremely concerned about the decision and about the fact that it was imposed on staff in November with only eight months' notice before the planned move.

Mr. Elfyn Llwyd (Meirionnydd Nant Conwy) (PC): Let me state briefly that the hon. Lady has all-party support in her efforts and I praise her for all that she is doing. The decision flies in the face of the fact that Cardiff is now a very important centre for civil justice. Civil cases are dealt with there and the Court of Appeal sits in a civil capacity.

Julie Morgan: I thank the hon. Gentleman for his intervention. I was going to elaborate on his last point later in my speech and I thank him for his support.

I am concerned about this decision on several counts. First, the Legal Service Commission did not consult the Welsh Assembly Government before it made its decision. Secondly, the decision will result in a great loss of experience and expertise to the LSC, and to Cardiff and Wales. Thirdly, it is estimated that the decision will lead to the loss of 40 quality jobs across south Wales. Fourthly, the decision has failed to have any proper regard to the effect of schedule 5 to the Government of Wales Act 2006, which paves the way for the Welsh Assembly to seek primary law-making powers in 20 fields of law.

Alun Michael (Cardiff, South and Penarth) (Lab/Co-op): My hon. Friend claims that there has been a failure to consult the Welsh Assembly. Was there also a failure to consult the Wales Office? Sadly, there is often an illiteracy in some Whitehall Departments about the nature of the settlement. That does not mean that Wales has drifted offshore by 100 miles; it means that we need a more joined-up approach by Government Departments and their agencies regarding those responsibilities that remain with central Government, and those that are devolved.

Julie Morgan: I welcome the intervention of right hon. Friend and constituency neighbour. This is certainly an example of non-joined-up Government thinking, and it illustrates the lack of understanding about the nature of devolution by some of the Departments responsible for non-devolved matters in Wales.

Ann Clwyd (Cynon Valley) (Lab) *rose—*

Dr. Hywel Francis (Aberavon) (Lab) *rose—*

Mr. Mike Hancock (in the Chair): Who does the hon. Lady wish to give way to?

Julie Morgan: I shall give way first to my right hon. Friend the Member for Cynon Valley (Ann Clwyd).

Ann Clwyd: I congratulate my hon. Friend on securing the debate. She makes an important point that the decision affects the whole of south Wales. It will certainly affect some of my constituents, who have written to me about it. Many of those staff are long-serving and have built up a considerable amount of knowledge and experience that will be lost to Wales if those jobs go. I am sure that she will make that point later in her speech.

Julie Morgan: I thank my right hon. Friend for her contribution.

Dr. Francis: I, too, congratulate my hon. Friend on securing this debate. As Chair of the Welsh Affairs Committee, I will listen closely to the debate and to the Government response. Can she confirm that there is also a concern in the context of wider consultation? For example, in my constituency there have been questions about the matter from citizens advice bureaux, and it is important for them and other appropriate bodies. The Select Committee on Welsh Affairs might decide to have an inquiry into it.

Julie Morgan: I thank my hon. Friend for that. I would certainly welcome an inquiry by his Committee.

The decision will result in a diminished service for my constituents and those of other Welsh Members, together with legal aid practitioners in Wales. Finally, the decision seems to run completely counter to the direction of devolution, which has been agreed by the House.

I shall return to those points shortly, but first I should explain things. Help available under legal aid can be broadly subdivided into two categories—legal help and help at court, and legal aid certificated work. Today, I want to speak about certificated work.

Civil legal aid certificates are a vital tool to legal aid practitioners and clients alike. They allow practitioners to obtain evidence, instruct barristers, obtain expert opinions and represent clients at hearings. When making decisions about the granting of certificates, or their amendment or termination, the legal aid office carries out a most important balancing function. On one hand, it seeks to establish whether the client has an arguable case, whether there are prospects of success, whether there is a benefit to be derived and the importance of the issue to the client. On the other, it seeks to establish the likely cost of the case, the amount to be recovered if there is a money claim, whether it is proportionate to spend public funds in pursuing the case and the client's means and the extent of any contribution. In this respect, the legal aid office is acting as a guardian of public funds.

Business support teams are generally led by solicitors, and Cardiff has two. The word "support" is a misnomer; it disguises the fact that it is highly skilled work, operating at the coal face of people's problems. Those people go to the heart of legal aid, delivering quality services to legal aid clients. If decision makers get it wrong, they can frustrate or quench the legitimate legal claims of our constituents or waste taxpayers' money.

Mrs. Betty Williams (Conwy) (Lab): I congratulate my hon. Friend on securing this debate and highlighting the importance of the service for people in Wales. If the proposals go ahead, will that have an effect on the provision of Welsh language service in Wales?

Julie Morgan: It is bound to have an affect on Welsh language provision if the entire service is run from outside Wales. Perhaps the Minister will respond to that point. The Legal Services Commission underestimates and undervalues the importance of its work.

I return to my list of concerns. First, I restate the fact that the Assembly is a voice for Wales and that it has the right to be consulted. The commission cannot cherry-pick, consulting with the Assembly and Welsh local authorities when its wants their money to help launch community legal advice networks in Wales, but forgetting to undertake consultation when it is inconvenient for its administrative plans. Consultation involves publishing a proposal in draft, asking a body for its views, giving it time to consult within its organisation, taking an informed view and responding. That did not happen in this instance. If it had, the commission would have been alerted to the dangers of the course that it has now taken, and the distress for its staff and our constituents affected could have been avoided.

Secondly, in relation to the loss of experience and expertise to the LSC and Wales, it is important to note that 40 per cent. of those in the Cardiff office have worked there for more than 20 years, and 50 per cent. for more than 15 years. Even if the commission feels that it can afford to lose that wealth of experience and expertise as we move into a new era where functions are being incrementally passed over to Wales's control, we in Wales cannot. If the Wales office in Cardiff were a poorly performing office, I might begin to understand the basis of that decision, but the reality is quite different. Over the past three years, the Cardiff office has consistently achieved performance ratings above the national average, and it also deals with imported casework from other legal aid offices.

My third concern is about the loss of quality jobs in south Wales. I understand that the trade unions have estimated this loss at 40, but the commission says that

[Julie Morgan]

only 33 roles are at risk of redundancy. That will be an enormous blow, coming, as it will, at a time when we hope to be recovering from the downturn in the economy. I am told that it is not only the Cardiff constituencies that will be affected; indeed, we know that some of the valley constituencies will suffer and that highly skilled employees who work at the Cardiff office also live far to the east and the west. The Legal Services Commission decision certainly runs counter to the Prime Minister's view, expressed on 9 January 2009, that it is important to keep Welsh jobs in Wales. I believe that the staff at the Cardiff office have been badly treated. There have been rumours for years about change. The staff were then told that nothing would happen. Suddenly, on 8 November, this decision was landed on them. *[Interruption.]*

Mr. Mike Hancock (in the Chair): Order. I remind the Minister's team of civil servants that they do not have the right to come into the Chamber. It is important that the Minister should report to his colleagues that they should supply him with a Parliamentary Private Secretary, and not have his staff continually entering the Chamber.

Julie Morgan: My fourth concern relates to emerging Welsh law under the Government of Wales Act 2006, which enables the Assembly to seek legislation competence orders to pass primary legislation in 23 fields through Assembly measures. Those include, for example, aspects of social welfare, education and health. If the decision is allowed to stand, legal aid decision making on claims and challenges based on new Welsh law will have to be made in offices in England. It is no answer for the commission to say that practitioners will be able to exercise devolved powers—to stand in the shoes of the LSC's Wales office and grant certificates to their clients. Devolved powers are designed essentially for emergency cases and are heavily circumscribed. The commission has said that it does not intend to alter the rules in the light of Assembly measures. Even when devolved powers are exercised, the legal aid certificate must still be reviewed by an officer in a legal aid office, and under the existing plans that officer will be in England. He will be unfamiliar with Welsh law, the context in which it was enacted, any guidance issued under it, or experience in implementing it.

The LSC has told me that is sees no problem in dealing with Welsh law. It says that the staff who remain in Cardiff will ensure that the differing aspects of Welsh law and culture are understood and that they will be built into the commission's plans for Wales. The commission says that its Welsh policy experts will ensure that changes in Welsh law are reflected in the guidance issued to decision makers.

Who are these Welsh policy experts? With the greatest of respect, the staff who remain in Cardiff will not include lawyers and will not be qualified to identify the detailed changes made by Welsh law or to analyse their impact. Those best equipped to perform that task are the members of the current Cardiff business support team that handles Welsh cases day in and day out—staff who are likely to be made redundant unless they are offered the possibility of uprooting their families, to move to wherever the commission ultimately decides Welsh work must go. In the circumstances, we all know that most people will not go because their roots are deep within Wales.

My fifth concern is about the diminished standard of service for Welsh clients and those practitioners who visit the Cardiff office to speak personally to members of the business support team. Although the LSC says that those relationship managers who stay in Cardiff will be the point of contact for all Welsh solicitors and third sector agencies, they are not qualified to deal with business support queries. Once business support work is transferred to England, all contact will have to be by telephone. As my hon. Friend the Member for Conwy (Mrs. Williams) suggested, new and different arrangements will need to be made for those clients who wish to speak through the medium of Welsh. Inadequate or poor decision making on matters relating to Welsh law is also likely to give rise to delays and increase appeals, causing frustration to practitioners and clients alike.

My final point is that the decision is against the spirit of devolution. It is now generally accepted that devolution has released a new-found confidence and a sense of pride in Wales. I do not know of any other organisation that is reducing its Welsh presence, or its operation. Quite the opposite is the case. A Welsh claimant has the right to issue judicial review proceedings in the Cardiff Civil Justice Centre, in a public law challenge against a Welsh public body. From time to time, the Court of Appeal sits in Cardiff. Even Her Majesty's Court Service recognises that Wales has distinct legal issues that are likely to be better dealt with in Wales, or at least that claimants should have the choice of having challenges heard in Wales.

I am frankly astonished that, at a time when Wales is beginning to exercise more control over its affairs than it has for many years, the LSC should choose to start dismantling and reducing its presence in Wales. I have the impression that Wales, as a distinct nation with its own distinct needs, was not considered by the LSC when it reached that decision and that the paramount concern was achieving a good geographical spread of sites over England and Wales.

I do not doubt that the LSC must live within its budget, and I sympathise with the chief executive and the executive board, who have to find administrative savings to keep within budget. I also understand that the LSC, like other organisations, needs to modernise the delivery of legal aid for the benefit of legal aid clients, suppliers and taxpayers, which might entail rationalising the delivery into larger units, where increased efficiency can be achieved from new technologies. However, I do not understand why the LSC has not decided that one of those five business centres must be in Wales. It is the logical solution and by far the easiest to justify. The decision has been made in principle and is subject to the making of a business case to establish what work will move to where and when. I appeal to the Minister to look into that matter in detail and ensure that the LSC reconsiders its stance carefully. The answers that I have received from the LSC—I have held meetings with the chief executive and Cardiff members on more than one occasion—have not given me any satisfaction. I urge the LSC to continue with the fully functioning legal aid office that Wales deserves.

Mr. Mike Hancock (in the Chair): Before I call the Minister, I apologise for having interrupted the hon. Lady in mid-flow. For the Minister's information, the debate will now conclude at 5.13 pm.

5.1 pm

The Parliamentary Under-Secretary of State for Justice (Mr. Shahid Malik): It is a pleasure to respond to this debate under your stewardship, Mr. Hancock, and I apologise for being without a Parliamentary Private Secretary this afternoon.

I congratulate my hon. Friend the Member for Cardiff, North (Julie Morgan) on securing this important debate. I am pleased to discuss what is happening in Cardiff and across the Legal Services Commission more widely. I recognise that she has natural concerns about the changes taking place in Cardiff, and it is to her credit that she is using all reasonable avenues to discuss that matter and to ensure that all that should be done is being done. That does not surprise me, however, having witnessed at first hand, when in Cardiff, the passion that she has shown to ensure that she gets the very best for people in her constituency and, indeed, in Wales. I am pleased that, last Friday, she was able to meet Carolyn Regan, the chief executive of the LSC, and Paul Davies, the LSC director for Wales, to discuss her concerns.

What is happening in Cardiff needs considering in the context of wider legal aid reform and the current economic climate. The legal aid reform strategy aims to ensure that the £2 billion-plus annual budget for legal aid services is focused on helping those most in need who are least able to afford essential support. In a similar vein, the LSC was asked to re-examine its internal administration to ensure best value for the taxpayer, taking account of the impact of the wider legal aid reforms flowing from Lord Carter's 2006 review. All LSC staff and providers have been aware of the proposed cuts in the LSC administrative budget and posts since 2006. That year, the LSC announced that it would achieve the required reduction through an improvement in electronic working with providers and a reduction in staff numbers across England and Wales from 1,700 to 1,100. On 4 November 2008, the LSC announced more detailed plans for reducing the number of staff in business support areas, moving from 13 to five business support centres between mid-2009 and 2012-13.

Cardiff has one of the relatively small LSC offices, so it has never been one of the likely centres for centralising business support work. That was clear in 2006, when LSC staff were told that there would be only three business centres—the decision to increase to five came later. It is also important to keep in mind that the LSC already transfers work across other LSC offices in England and Wales to deal with peaks and troughs. The LSC is looking to centralise the operational work from Cardiff during the latter half of 2009. Concerning the posts at risk, the LSC has an agreed redundancy policy with its recognised trade unions to explore all possible alternative employment opportunities and relocations for any impacted staff and to exhaust those possibilities prior to a decision on redundancy.

While the five business support centres will carry out operational processing work, the LSC will continue to maintain a presence of relationship managers, plus policy staff, business analysts and some other functions in Cardiff, as in all areas. That will mean the continuation of a close working relationship with local providers and stakeholders, with local LSC staff focusing on commissioning the best possible services for Welsh legal aid clients.

Julie Morgan: In 2007, the Cardiff office did 793 extra hours of work for other LSC offices throughout the country. Furthermore, before November 2008, the staff were told that the plan to move to three offices had been abandoned and that it was likely that the office would stay as it was.

Mr. Malik: I was not aware of that last point, but I have noted it and thank my hon. Friend for bringing it to my attention.

It is important to emphasise that most clients access legal aid services through local providers and increasingly through the Community Legal Advice telephone service and website. The LSC itself currently deals with very few legal aid clients on a face-to-face basis in Wales or in England. The vast majority of its interactions with clients take place by telephone, e-mail and letter. My hon. Friend has mentioned consultation, and I am aware that we spoke with both the Wales Office and the Welsh Assembly—whether that constitutes consultation is another matter. Only yesterday, I received representations from the Under-Secretary of State for Wales.

The relationship managers in Cardiff will be the point of contact for all Welsh—

Dr. Francis: Will the Minister give way?

Mr. Malik: I shall, but my hon. Friend will leave me little time to respond to all the points raised.

Dr. Francis: The Minister is uncertain about the nature of the consultation. Will he elaborate, because it is a very important point, given that the Secretary of State for Wales represents Wales in Westminster and Whitehall?

Mr. Malik: I specifically said that we spoke to the Wales Office and the Welsh Assembly. We offered to have a meeting in April to look at progress on the issue. I have said that I am not sure whether that constitutes formal consultation, but contact has been made.

The LSC will continue to have an important presence in Wales. That is demonstrated by the LSC's recent appointment of a senior director for Wales—

Mrs. Betty Williams: Will the Minister give way?

Mr. Malik: I am more than willing to allow time for interventions, but I will not be left with much time to respond to the debate, which will be unsatisfactory for all concerned.

Mrs. Williams: When the Minister referred to April, did he mean April 2008 or April 2009?

Mr. Malik: They have spoken and an offer was made for a meeting in April 2009.

Mrs. Williams: That is too late.

Mr. Malik: I am merely reflecting the facts on the ground.

That appointment will maintain the strong links with the Welsh Assembly Government, local criminal justice boards, family justice councils and other key stakeholders, including local government.

As my hon. Friend the Member for Conwy (Mrs. Williams) has said, the Welsh language is vital. I confirm that the LSC remains firmly committed to its statutory obligations under the Welsh Language Act 1993. Its plans will ensure that clients will be able to contact the LSC by telephone, letter or e-mail in Welsh and receive a reply in Welsh. The Cardiff LSC office will also retain a local policy presence to ensure that the different aspects of Welsh law and culture are not only understood by the LSC but built into its plans in Wales.

The LSC has undertaken a programme of jointly commissioning community legal advice services with local authorities, either in a community legal advice centre or through a community legal advice network. It aims to offer a wide range of joined-up legal advice services to clients. In 2008, as part of the agreement between the LSC, the Ministry of Justice and the Law Society, which followed the unified contract judicial review, possible future services were identified up to April 2010. The Law Society deed identified Cardiff, the Vale of Glamorgan and Bridgend as areas in which a CLAN should be developed, and it would be a jointly commissioned service with local authorities.

As with other CLACs and CLANs, the plan is for the Cardiff, Vale of Glamorgan and Bridgend CLAN to be commissioned—

Julie Morgan: I am sorry to interrupt the Minister again, but I deliberately did not focus this debate on CLACs and CLANs. My major concern is that decisions about who gets legal aid and laws that have been developed in Wales will be made outside Wales, where the knowledge will not be available.

Mr. Malik: I am happy to skip CLACs and CLANs. Some concerns, based largely on anecdote, are that some local advice providers have been adversely affected by the CLACs and CLANs, but I will skip over that. My noble Friend Lord Bach has asked officials to lead a short study that will gather evidence on current funding and provision of legal advice at the local level.

My hon. Friend said at the start of the debate that only 20 jobs will be left. My understanding is that between 30 and 40 jobs will remain in Cardiff. She also talked about "rumours for many years". As I have said, my understanding is that staff were made aware that changes were on the horizon in 2006.

5.13 pm

Sitting adjourned without Question put (Standing Order No. 10(11)).

Westminster Hall

Thursday 22 January 2009

[JANET ANDERSON *in the Chair*]

DCMS Annual Report

[Relevant documents: Department for Culture, Media and Sport Annual Report 2008 CM 7400, Department for Culture, Media and Sport Autumn Performance Report 2008 CM 7518 and Culture, Media and Sport Committee oral and written evidence HC 1000-i Session 2007-08.]

Motion made, and Question proposed, That the sitting be now adjourned.—*(Mark Tami.)*

2.30 pm

The Parliamentary Under-Secretary of State for Culture, Media and Sport (Mr. Gerry Sutcliffe): It is a great pleasure to be here this afternoon with you chairing proceedings, Mrs. Anderson. It is also good to see the hon. Member for Bournemouth, East (Mr. Ellwood) arrive.

It is a pleasure to update hon. Members who feel it appropriate to be here on the landmark year that we have had in the Department for Culture, Media and Sport. As you will know from your time in the Department, Mrs. Anderson, since the DCMS was formed, one of its hallmarks has been the desire to increase access, participation and the quality of experiences for everyone. The Department's strapline includes the aim

"to improve quality of life for all".

In 2008, we made huge steps towards that goal.

This afternoon, I intend to highlight some of the key issues and achievements. Although not exhaustive, my speech will show the range and depth of the issues faced in the Department and our commitment to maintaining progress.

Mr. Don Foster (Bath) (LD): The Minister has given an overview of what he intends to say. Would it not also be appropriate for him to dwell on the areas in which the Department has failed? He is well aware of the large number of the Department's targets that have not been met. Surely it is appropriate not only to discuss the achievements but to explain the reasons for the failures.

Mr. Sutcliffe: I am usually grateful for the hon. Gentleman's interventions, but not this afternoon. I do not recognise many failures, but I am sure that he will allude to those that there are in his speech, and perhaps I will respond to them afterwards.

On the whole, it has been a fantastic year for the DCMS, particularly in the area of sport. Sport in the UK had an incredible year in 2008. I had the enormous privilege of seeing Team GB in action at the Beijing Olympics and Paralympics. They brought back the biggest medal haul in living memory. That was down to the endeavour of the athletes, their coaches and the sport governing bodies. Athletes and their governing bodies realise that their level of performance was made possible by the increased funding for elite sport and a strategic shift in focus.

Funding for Beijing was £265 million over four years, compared with £85 million for Athens and £69 million for Sydney. That increase played a massive part in ensuring that the target of 35 Olympic medals and the stretch target of 41 medals were surpassed. We ended up with 47 medals, much to the annoyance of our Australian counterparts. It was our best performance since 1920. Together with the incredible second-place ranking in the medals table achieved by the Paralympians, it has provided a launching pad for the London 2012 games and the wonderful decade of sport to come in the UK. That decade starts this year with the cricket Twenty20 world cup. That will be followed by the Ryder cup, the Commonwealth games and the Olympics in 2012. Hopefully that will be followed by successful bids for the rugby world cup and the soccer World cup.

As I have said, 2008 was a fantastic year for sport with Lewis Hamilton winning the Formula 1 championship and Joe Calzaghe maintaining his unbeaten record in the world of boxing. It was a good year not only for elite sport, but for sport at the grass-roots level. Since 2001, £1 billion of Exchequer and lottery money has gone into revitalising our local sporting landscape. More than 4,000 sports facilities have been built or upgraded since that time, and 90 per cent. of the population now live within 20 minutes of facilities offering at least two of the most in-demand sports. That has met our manifesto commitment.

To put that in context, Exchequer funding for Sport England has increased more than threefold from £33 million in 1997 to £133 million in 2008-09. Last year also saw the development of Sport England's new strategy, through which a million more people will be playing sport by 2012, which will make up part of the 2 million people promised in the legacy action plan. To help deliver that target, Sport England announced an unprecedented £480 million funding award for national governing bodies shortly before Christmas. We have given national governing bodies a great responsibility. It is through them that we will deliver community sport. We wish them every success and will give them every assistance to ensure that they deliver.

The revolution of school sport in this country continues. We have established a network of 225 competition managers to increase competitive school sport and a network of dedicated further education sport co-ordinators to engage 16 to 19-year-olds in colleges. We held our first ever national school sports week and the third UK School Games.

Mr. Don Foster: Brilliant.

Mr. Sutcliffe: It was superb. It was held in the hon. Gentleman's constituency, and I acknowledge the part he played in ensuring that it was a great success. I know that all participants thought that it was a good experience.

Sport Unlimited was launched to attract more young people into sport by providing diverse new opportunities. The London Organising Committee of the Olympic Games and Paralympic Games awarded its Inspire mark to our "Young Ambassadors" programme, which has seen 5,500 young ambassadors inspiring their peers to take up sport.

Nine out of 10 pupils now do at least two hours of high-quality physical education or sport a week. That smashed our ambitious target of 85 per cent. of pupils doing two hours a week by 2008. To put that in context, in 2002 the level of participation was just 25 per cent.

[Mr. Sutcliffe]

That means that four million more children are now playing sport. Our new ambition is to offer five hours a week of PE and sport to all five to 16-year-olds by 2011. That will be made possible by investments totalling £2.4 billion between 2003 and 2011. With the Department for Children, Schools and Families, we announced a further £100 million for dance, which is another good way for people to keep active.

We also announced the free swimming programme and I am delighted that 82 per cent. of councils have signed up to it. I am slightly concerned by the motives of some councils that have used not signing up as a political tool. In effect, it was local government that initiated the idea of free swimming in authorities such as Wigan and Durham. I hope that the authorities that are playing politics will look again at the opportunity to provide free swimming to their constituents. The Government investment of £140 million will enable 20 million people aged under 16 or over 60 to swim for free from this April. That will be another massive step forward in getting the nation healthier and more active. It will leave a lasting legacy from London 2012.

I will continue to discuss the theme of access and participation, but in the field of culture. In February we announced £25 million for the pathfinder "Find your talent" scheme. "Find your talent" is part of our plan to give young people access to five hours of quality cultural experience per week. It complements our policies on free museum access and enabling cultural initiatives such as creative partnerships. "Find your talent" allows young people to perform on stage, to get hands-on experience of the creative industries such as film making and radio and TV production, to learn musical instruments and to get involved in creative writing. It allows them to experience many other things at a professional level that they would probably never have had a hope of doing otherwise.

In September, we announced a £2.5 million scheme to provide free theatre tickets to young people. Between February this year and March 2011, 618,000 tickets will be available for those aged 26 and under to experience quality culture. It will increase access, build the audiences of the future and fill our theatres.

Sir Brian McMaster's report was published in January with the aim of shifting the way in which we think about culture. It set out recommendations on how we recognise and reward excellence in the arts. We have started to implement the report's findings. Free theatre stemmed from the recommendation for a free week of cultural events. Self-assessment and peer review was another important cornerstone, and the DCMS is working with national museums and galleries on a pilot programme. Arts Council England is leading a public consultation on the work of arts organisations.

We have looked at other areas of cultural provision. Public libraries, for example, play an important role in every community. However, they need to respond to a changing world where the digital content environment is developing daily, where there are new delivery models for local services, and where local government has a richer relationship with communities. We launched a modernisation review to refresh the Government's vision for that local service and to support local authorities in delivering their aspirations for their communities.

We are also looking to change perceptions about heritage with the "Engaging Places" initiative. In partnership with English Heritage and the Commission for Architecture and the Built Environment, we sought to bring local heritage to life by developing practical support for schools, so that children and young people can understand why their local buildings and places really do matter.

We have invested to regenerate by launching the "Sea Change" initiative and investing in seaside towns from Boscombe to Berwick to the tune of £15 million per year up to 2011. "Sea Change" will create new performance spaces, improve theatres, restore promenades, enable the redesign of beach fronts and provide new exhibition spaces.

When we talk about culture, we cannot forget the wonderful year that Liverpool has had as the capital of culture. With more than 7,000 events, there was something for everyone. Every child in Liverpool was involved—quite an incredible feat. I had some great times at the concerts and sporting events that I was able to attend. Such initiatives show that huge numbers will become involved, if they are inspired, and the capital of culture certainly inspired many people in Liverpool.

There has also been progress on supporting our creative industries, which since 1997 have grown at a faster rate than the rest of the economy. Making up 6.4 per cent. of gross value added, they are a vital part of Britain's knowledge economy. In February, we launched "Creative Britain—New Talents for the New Economy", which is a strategy for taking the UK's creative industries from the margins to the mainstream of the nation's economy. In the past year, we have worked with partners to deliver "Creative Britain" commitments, such as a £10 million investment in technology research and development for small and medium-sized creative businesses.

We launched in Liverpool the creativity and business international network, which will bring together the most influential international creative and business figures to shape the future development of the worldwide creative economy. We challenged employers to create 5,000 new high-quality jobs and apprenticeship places in the creative industries by 2013, and already more than 150 employers have signed up. And, of course, we commenced the nationwide digital switchover programme, which started at Whitehaven and has since progressed to plan.

There are also the darker challenges of the new media. In July, we started to implement the findings of the Byron review to protect children from harmful or inappropriate material, and we introduced a classification system for games in the internet age.

On gambling, we have worked with all sectors to realise the objectives of the Gambling Act 2005. Important measures have been taken to support bingo and to ensure that we assist other sectors that have had difficulties. We also want to ensure that we protect those who are vulnerable and have worked with the Responsibility in Gambling Trust and other agencies. In June, we introduced with the Home Office a yellow and red-card system to tackle problems with licensed premises.

Hon. Members can see that it has been a momentous and busy year for the DCMS. We may be challenged on some of the failures, but I do not believe that anyone can underestimate the tremendous success that we have had or the significant role that the Department plays in the quality of the UK's sporting and cultural life. I look forward to the debate and assure hon. Members of the Department's commitment to continuing the work that I have set out.

2.43 pm

Mr. Tobias Ellwood (Bournemouth, East) (Con): It is a pleasure to be able to participate in this important debate on the annual report of the workings of the Department for Culture, Media and Sport.

My first question is why the Department has this debate in this particular context. For many other Departments, the report that scrutinises their work is written by the Select Committee—it is not written entirely by the Minister and his team. In this situation, we will get a rose-tinted picture. The first intervention, which came from the hon. Member for Bath (Mr. Foster)—I want to call him my hon. Friend—was pertinent. Will the Minister deal with any of the more taxing issues, which he knows full well we are likely to start debating right now?

Appropriately, I begin where the Minister began by speaking about the Olympics, which is one of the biggest aspects of the Department, and by offering my congratulations—we cannot stop doing that. The haul of medals that we received in Beijing was fantastic, and a high bar was set for 2012. The Olympics are so important. The haul of medals reflected changes in funding in previous years. Funding is up to £265 million.

Much of the success was down to seeds that were sown by John Major during his tenure. He ensured that money went to grass-roots sport, and that is why we have had such success not in the big sports such as track and field but in those in which we perhaps did not expect to do well, such as cycling.

I add my congratulations to the Olympic teams and offer encouragement to all those who watched the heroes come back from Beijing, who are looking ahead to 2012 and thinking, "Yes, I would like to emulate that, I would like to be there, I would like to be one of the medal winners." My party joins the Government in offering congratulations to the Olympic squad and in looking forward to 2012.

Of course, the Minister managed to circumnavigate all the issues around 2012 that lie ahead. On several occasions, we have questioned the Minister for the Olympics on our concern about the changes to funding and the way in which money has been taken away from other areas—good causes and so on—because of the escalating costs of the Olympics.

I believe that the costs have now settled down at about £9 billion. Because the Government will borrow more than £1 trillion during the entirety of the Parliament, the £9 billion is almost dwarfed, and on the horizon seems to be less and less. But perhaps the Minister could bring us up to date on the exact financial picture for the Olympic games. There is a concern that the stadium will not be sold to a football or rugby club. I believe that it is to become a centre for sports excellence, which is fantastic, but my concern is that it and the other athletic tracks around the country will not be able to do justice to the amount of money that will be poured into building them. An update on the Olympics would be most helpful.

Continuing with the sporting theme, we have, of course, done well in other sports, most notably Lewis Hamilton winning the Formula 1 drivers championship—a fantastic result, yet again putting Britain on the main stage of international motor racing—and of course Joe Calzaghe, who has done such a fantastic job. I do not know when he intends to retire. His sport may not get the profile that it deserves, so I was pleased that he received recognition this year with the BBC sports personality of the year award.

Sport is essential. The Minister touched on something that is personal to me. In Bournemouth, I see children who are growing up in a very different circumstances from those in which my parents and I grew up. Often they lack parental guidance and the role models for life that we so much enjoyed. The fact that there are more sporting opportunities for schools is critical to allowing such individuals to expend energy rather than hang around on street corners which, of course, can cause problems and be a detriment to society rather than something positive.

In Bournemouth, astroturfs have been installed as one of the initiatives through Sport England. Sport is an excellent way to allow children who perhaps lack a bit of direction in life to meet other people and community leaders, and to expend energy rather than go down a misguided route which can eventually lead to all sorts of troubles. Getting on the wrong side of the law could affect their prospects in life. I am pleased with such developments.

I am also pleased that there is encouragement for people to participate in sports for at least five hours a week. I believe that the objective is to get five to 16-year-olds involved.

I am biased in this sense. I confess—perhaps I should have said this at the beginning—that I chose to go to Loughborough university purely because it was a sporting university. Heaven knows how I ended up not representing England and coming here to Parliament. Something clearly went wrong.

The Minister touched on the political differences that have come about through the introduction of free swimming by councils. I do not like the way in which that has been used as a political football. There is concern that not all councils have the extra funding to be able to match that which has been put forward by the Government. The trouble is that the money has not fully come down from the Government to pay for that scheme. There is an obligation on councils and they are being forced, under difficult circumstances as we go through these difficult times, to cut services elsewhere to provide that important service. I think that all hon. Members agree with the principle, but there is concern about the financing model.

On the cultural aspects of the Department's responsibilities, we welcome the encouragement to support libraries and to develop their use. If hon. Members go to any constituency, they will see that libraries have changed. They do not simply provide books; they provide all sorts of digital materials, including internet access. It is important, in this day and age, not to be stuck in the past. I am pleased that that initiative has gone forward.

I thought that the report became a little flippant when I saw, on page 12, which discusses media, a big bullet point saying,

"78% of people prefer digital TV to analogue TV."

That is a bizarre question to have even asked. It is like asking, "How many people prefer to be in the sunshine than in the rain?" Such questions are obvious. A more

[Mr. Tobias Ellwood]

pertinent thing to ask would be what percentage of people are lacking digital TV and what plans there are to introduce it. That would be more pertinent than asking whether they enjoy the facility.

The Minister congratulated the city of Liverpool on being the capital of culture and that is endorsed by the Opposition. However, a recent report by Visit Britain, which I am sure the Minister with responsibility for tourism is familiar with, mentions Virgin Trains' concern arising from its wanting to build on that initiative and to provide a service to encourage people to visit Liverpool. I understand that it wrote to the Northwest Regional Development Agency, the city of Liverpool, Visit Britain and Visit England—I stand corrected if that is not so—and myriad other organisations, because it did not know who was responsible for the tourism marketing strategy for that city.

We in the Opposition feel that the marketing capability in respect of tourism in the UK has gone a little awry. That has been compounded by devolution, since 1998, by Visit Scotland and Visit Wales doing their thing and by the nine regions doing their own thing, too. Until we pointed it out to the Government, six different offices representing different corners of the UK were marketing their patch in Boston, Massachusetts. How ridiculous is that? Instead of having one voice saying, "Come to Great Britain", all those organisations were spending a lot of money, with overlapping interests, trying to market their corner. People are not even aware of what is in the north-west of England, by way of a brand name, and certainly not the south-west—although they may have heard of Blackpool and Liverpool—but they will certainly have heard of Great Britain. That should be the starting point.

I am pleased that Visit Britain has now put forward a major review that starts to reconstruct our marketing capability to ensure that our overseas marketing tactics have one voice and that, as we filter to the lower levels, there is better co-ordination. Huge sums have been wasted and money has been prevented from getting to the front line of tourist destinations. I come from the south-west and represent Bournemouth, which is a great tourist seaside town, yet money gets stuck in the South West of England Regional Development Agency, never to be seen by the front line of tourism. That must change.

Of course, the tourism review was forced on Visit Britain, because the Department cut the budget over the next three years by 20 per cent. That is shocking when we are to host the Olympics in 2012, the most important sports event in a generation. We should be harnessing that opportunity and taking advantage of the pictures that will be broadcast to billions of people around the world. Has any money been put aside to take advantage of that opportunity? Not one single penny. Instead, the overall budget has been cut. That budget was stagnant for 10 years in a row at £35 million, which, year on year, means a decrease in real terms. Will the Minister look at the structure, ensure that we are getting value for money and, most importantly, see whether we are really harnessing the benefits of this once-in-a-lifetime opportunity?

The Minister touched briefly on the money that is going to seaside towns: £14 million—

Mr. Sutcliffe: Fifteen.

Mr. Ellwood: Yes, £15 million over the next three years. When that is divided up and sliced even further and given to the various seaside resorts, that is not a huge amount of funding. We need to look at that in more detail.

We have another opportunity in the sense that there is a recession on at the moment. People will revise where they may go on holiday. Certainly, from a domestic perspective there is now more opportunity, because people will say, "I cannot afford to go on that big holiday abroad any more. I'll stay local." But they will only stay local if they know that there are places and fantastic attractions to visit around the UK. That goes back to the marketing model that we have in the UK. We have some great brand names that are almost over-marketed—we know where they are—but other places do not even get a look in.

That is about our capability to encourage the domestic audience to stay in the UK. The situation I mentioned earlier is reflected in going to any travel agent, which will have a mass of leaflets, booklets and illustrative magazines enticing people to all corners of the globe, particularly Spain. There will often be a little section on Great Britain. On speaking to the travel agent, that person has probably actually visited Spain and stayed in a tourist resort there, so they can say, "Yes, I like this place", and really encourage people to go there. We need to ensure that all travel agents are up to speed on the fantastic offerings that we have in the UK.

We are the sixth most visited place in the world. That is a fantastic position to be in, but if we compare that fact with the numbers involved in global tourism from 1997 to today, the statistics are sad to see. In 1997 we had 6.9 per cent. of the global tourism market, which is an impressive statistic. Today, that figure has dropped to 3.3 per cent. Of course, the Government say, every time, "Well, more people are coming to Britain." That is true, but that is because more people are travelling, there is more money in our pockets and the easyJets of this world make it easier to travel. But as everybody's ability to go abroad is increasing, we are actually losing out on the net global increase. Competition is getting tougher. Dubai did not really exist as a tourist destination 10 years ago and places such as Thailand were probably out of reach for many people, because it was too expensive. We need to continue to reinvent our offerings here in the UK.

Mr. Don Foster: On that point, given that the general thrust of the hon. Gentleman's remarks is that the Government should take tourism seriously—as he knows, that is also the name of the campaign being run by the industry—does he not share my view that it was pretty disgraceful for the Prime Minister to claim that there was increased support for tourism and to announce huge tranches of additional money, only for us to discover that that money was coming from a combination of a further take from Visit Britain and from the industry, with no additional money from the Government?

Mr. Ellwood: The hon. Gentleman makes a valid point. I think that he is referring to the speech made in Liverpool only a couple of weeks ago. It is a prime example of double-accounting. No doubt the Minister will say what he always says when we put that case to him—I saw the notes being passed from the support element at the back—which is that it is not just £35 million; it is also the £350 million that is passed to the RDAs throughout the country and spent on tourism. But it is not spent on tourism—that is my point. It is not spent on the direct tourism market. It is lost in the mêlée of how RDAs run themselves. That is what we are saying. If we are to be serious about tourism, we need to ensure that there is not the double-accounting referred to by the hon. Member for Bath (Mr. Foster), with the Prime Minister standing up and saying, "Yes, I very much support tourism."

Mr. Sutcliffe *rose—*

Mr. Ellwood: I was about to come on to Stonehenge, but before I do that, I will generously give way.

Mr. Sutcliffe: I am grateful to the hon. Gentleman. We do not often get the opportunity to have this type of debate among the three spokespeople on these issues. If he feels that the investment is not going in, will he explain how that would be helped by the announced policies of the leader of his party to cut public spending? It is all right attacking the Government for not putting in more money, but how would we cope with less money if the day ever came when the hon. Gentleman was part of the Government?

Mr. Ellwood: I do not quite understand the intervention. I am happy for the Minister to intervene again. Can he explain where he sees any costs being cut?

Mr. Sutcliffe: The announcements were that our spending plans would not be matched and that there would be a reduction in public spending. If that were the case, how could the hon. Gentleman achieve his objectives, including that of more money being spent on tourism?

Mr. Ellwood: Unfortunately, the Chancellor of the Exchequer now comes regularly to the main Chamber to tell us that things are slightly worse than they were before. In fact, he popped in on Monday to say, "Well, I'm going to have to borrow a bit more," as though he had just come back from the supermarket and had to pop back for another pint of milk. Things are getting bad in this country. I would not even be surprised if the Chancellor turned up one day and said, "Well, I now have to go to the International Monetary Fund for a bail-out." I do not disagree with the Minister in saying that things are tough and money is tight, but if he is trying to encourage me to commit now to a certain amount of funding, of course I will not do that. It would be irresponsible when the world is changing so much around us. We will not even know the state of the real figures until there is a general election.

However, I can assure the Minister that there will be a new look at the way in which the current money is spent to ensure that there is better value for money. There is a lot of money kicking around at the moment that is being prevented from getting to the front line because it is getting stuck in the RDAs and because there is overlap. There is not even, from the perspective of a local authority, encouragement to get tourism going. I shall come on to that.

Mr. Sutcliffe: This is important; I am not trying to engage in a knockabout debate. The Leader of the Opposition has made statements in the House that there will be a reduction in the spending of each Department, including the DCMS. Will the hon. Gentleman confirm that that would be the case—that the Conservatives would try to find efficiency savings and there would be a reduction in spending in the DCMS?

Mr. Ellwood: The Minister is doing his best to set traps for me, but I will not wander down that road. As many times as he asks me, I will not say here today that we will spend x amount more funding. Obviously, I will say, "Let's take advantage of the opportunities." That makes sense. Visit Britain makes it clear that for every £1 that it spends on advertising abroad, it brings £40 back into this country. We have seen the benefits of advertising not only to the UK market—the domestic market—but beyond. I do not think that I made this point strongly enough. The fact that the euro and the dollar are so strong means that those areas are looking for opportunities. They need to be harnessed. I am pleased that Visit London announced just this last week an extra £200,000 to market London to the continent.

That illustrates another problem. London is the powerhouse behind British tourism. Two thirds of all visitors coming to the UK for tourism go to Heathrow. Of course, the Heathrow experience is a whole other debate. Half of all tourists coming into the UK go to London. That is great. It obviously reflects the importance of the culture and heritage, the fantastic attractions and the retail opportunities. However, we need to ensure that people are aware that there are places other than London—other than Buckingham palace, Madame Tussauds and Oxford street. We need to make them aware that there is Stonehenge, the Lake district and the Bournemouth seaside—that they can go to other places in the UK. That is not being done at the moment. We are not sharing the huge tourism benefits that London produces with the rest of the country. Again, that reflects the system. London is very good, but there is not that communication with the nine RDAs.

I know that Visit England has been given a new voice, finally, because of the review, to say, "Let's forget the nine RDAs. Of course there are some things we can do on a regional level, but let's have a voice for England so that it can compete on a national basis with Scotland and Wales." That will ensure that there is more cohesion between the many voices that make up our tourism industry, which is important.

Tourism is a £90 billion industry. It is the fifth biggest industry in the UK—bigger than fishing and bigger than the IT services industry. However, it is given scant regard in the House. I asked the Leader of the House whether we could have an annual debate so that hon. Members representing all corners of Great Britain could talk about tourism, but that request was denied, even though tourism is such an important industry. The 200,000 small and medium-sized businesses that make up our tourism industry need Government support. I know that the Minister has responsibility only for about one fifth of the tourism industry. I mentioned Heathrow. That is the responsibility of the Department for Transport. The fire regulations, which are the real burden on any farmhouse that is trying to run a bed and breakfast or hotel, were suddenly changed, which affected every bed

[Mr. Ellwood]

and breakfast in the country. Was the Department for Culture, Media and Sport even questioned about that or consulted? No.

The price of visas jumped by 130 per cent. According to the Tourism Alliance, that means that we have lost out on tens of thousands of visitors, mostly from the Orient, to the UK. The UK has about 100,000 Chinese visitors every year. Compare that with France or Germany, which have 500,000. Why is that the case? Visas and all the other extra costs were imposed without any consultation with the Department that was supposed to be looking after tourism. I could go on and on. All sorts of legislation created in other Departments was put through with no consideration of the impact that it would have on the tourism industry. That is why greater cohesion is needed.

I tabled a parliamentary question on the issue. I asked how often the Secretary of State for Culture, Media and Sport meets his colleagues from the Department for Transport, the Home Office, the Foreign Office, the Department for Business, Enterprise and Regulatory Reform and the other Departments to which there is a tourism aspect, but still there has been no reply. I am happy to be corrected, but I suspect that the answer is that there is no regular meeting whatever; they may touch base occasionally.

Stonehenge came up in parliamentary questions on Monday. The Government have spent £30 million on a paper exercise to work out what to do. That is our premier outdoor tourist attraction, yet we ignore its requirements. It is a timeless monument, and it seems that the Government have no time to look after it. Responsibility for whether there should be a road closure has been pushed around. The Minister knows that the spur road could be shut straight away, but the responsibility is being pushed around. Is it a regional responsibility? Is it the responsibility of Salisbury? Is it the responsibility of Visit England? Is it the responsibility of the DCMS? Is it the responsibility of Visit Britain? We need leadership in that regard, and that is exactly why a higher-profile role needs to be taken by the Minister responsible for tourism. That is one major change that a Conservative Government would make. We would have a Minister for Tourism with sole responsibility for communicating the messages from the industry and communicating with other parts of the Department.

We would examine structural issues. We need a more efficient process for marketing the UK. That is what I wanted to see in the annual report, but it pays scant regard to tourism. It talks about various other issues. As glossy as the document is—it is very colourful—it misses some of the most important aspects of that. I know that I have been talking for a long time and that other hon. Members want to speak, and I see that I am testing your patience, Mrs. Anderson, but I would like to touch on two other areas.

The Minister mentioned bingo, and I know that he will be upset if I do not bring that up, particularly after our debate. The issue of gambling is a difficult subject, and requires the right level of legislation, whether someone is in a penny arcade at the seaside or in Crockfords casino. We must ensure that we protect those who get sucked into the world of gambling and find that they cannot get out. That is important.

The prevalence survey, which is run by the Gambling Commission, looks at how many people get caught on the wrong side of gambling. It shows that bingo halls and arcades are not as great a concern as some other aspects of gambling—such as internet gambling and fixed-odds betting terminals—which are growing in popularity. Fixed-odds betting terminals are found in bookmakers and are here to stay. They will not change. We need to view the bigger picture by stepping back and looking at what is happening to all aspects of gambling, rather than taking things in individual slices.

This week, we debated a statutory instrument on category B3 machines in bingo halls. It was as if we could somehow tweak that issue on its own without really looking at its impact or at any other aspects. The measure was bizarre in its own right because it moved the number of category B3 machines that bingo halls are allowed to own from four to eight. If a bingo hall has only eight machines, every one of them can now be a B3 machine, which is a heavy-duty, big-stake, big-prize machine. However, if it is a massive bingo hall with 50 machines—and there are some—it too can have only eight big, high-paying B3 machines.

That statutory instrument takes an illogical approach. I would have suggested that a percentage—one fifth—of all machines in bingo halls should be allowed to be B3s. There are myriad consultations on various aspects of gambling and they are all reporting at different times rather than taking stock of gambling in its entirety. The changes that are taking place with the advent of technology are not really covered in the report, yet the advent and growth of internet gambling, and the concerns linked to that, are some of the biggest issues that the Department for Culture, Media and Sport will be dealing with over the next five to 10 years.

Finally, I would like to look at the annual report and ask the Minister to comment on some of the targets mentioned in it. I begin with the sports target on page 34:

> "Increasing the number of people from priority groups who participate in active sports at least 12 times a year by 3 % and increasing the number who engage in at least 30 minutes of moderate intensity level sport, at least three times a week, by 3 %."

In its own words, the report describes the progress made as "slippage." I will not read out all the targets, but the same applies to the arts target on page 35—progress is reported as "slippage". Progress on the museums and galleries target on page 36 is reported as "slippage." The historic environment target—

Mr. Foster: Slippage.

Mr. Ellwood: Slippage, we hear. I did not even need to say it. For all the targets set by the DCMS, the progress has been summed up as slippage. Surely the Minister should give us some reason why that is the case, and tell us what is being done to rectify it. The purpose of our annual debate on culture, media and sport is to understand where this is going.

I shall end where I began by saying that the DCMS is a wonderful Department and provides for those important aspects of life that are perhaps less serious than in other Departments, but just as important because they regard quality of life. We are all united in wanting to support that. However, the report suggests that the Government are missing their targets, and the Minister should respond and tell us what is being done to change that situation.

3.14 pm

Mr. Paul Truswell (Pudsey) (Lab): Let me start with two apologies. First, I did not intend to speak, because I cannot stay for the debate's entirety. However, given the somewhat limited turnout, I thought that rather than intervening, I would explore a few of my points in more detail. My second apology is because although I would probably be able to get back in time for the wind-ups if the debate runs its full course, I might not be able to do so if they take place earlier than anticipated.

I have been scribbling a few notes—I have to rise to the challenge of attempting to read my rather poor handwriting. My contribution relates mainly to sport. I know that this is an overarching debate, but my particular interest—notwithstanding some of the other issues that have been mentioned—is sport, especially for young people.

I will not spend time rehearsing the advantages of sport. We are all well versed in the arguments about the need to promote health, particularly when an increasing number of young people do not participate in sporting activities and we have challenges, such as that of obesity, to address. From my experiences as a parent and by observing young people who participate in local sport, I know how important sport can be in developing confidence. My two sons are now in their teens and they are both particularly shy. By engaging in sport, playing and performing well before their peers and in a team context, they have developed a degree of confidence that no other aspect of their lives would have enabled them to develop.

We are well aware that local community sports clubs play a key role in helping to divert young people away from less-sociable activities. My concern is to ensure that we promote participation at a grass-roots level across the board, and the Government are rising to that challenge. Without participants, and without enthusing young people, all sports will wither, from a grass-roots to a national level. Today's young participants are not only the players of the future, but the coaches, team managers, organisers, ground preparers and all the people who are essential if sport is to flourish.

A statistic in the annual report claims that

> "173,253 adults were involved in sports volunteering during 2006-07."

That looks an impressive figure but, unless my arithmetic is wrong, it boils down to about 260 adults per constituency. If I were to do an audit or calculation off the top of my head for the number of adults who participate as volunteers in my constituency, it would be well in excess of that figure. If that is a robust figure, it means that in some parts of the country, a considerably lower number of people participate as volunteers. Volunteering is an important element of any sports development strategy.

Coaching is probably the single most important investment that we can make for the development of sport. I have made that point to the Minister on numerous occasions, and I know that the Government are doing a great deal to fund and promote coaching, but perhaps we could do even more. Without coaches, we cannot generate the enthusiasm and passion for sport that is essential.

In particular, we need to promote the involvement of young women in sport. Figures demonstrate that although we can engage young women at primary school level, we lose them in large numbers as they get older and go to high school. If the Minister wants a good local example of how to engage young women in sport, he need look no further than the Airedale and Wharfedale junior cricket league, which now has a thriving women's section. Clubs have invested time and effort in organising and managing teams and putting the league together, and female coaches have gone into primary schools and engaged with young people—young women in particular—which has developed their interest in the sport. If that can be true of cricket, it can be true of many other sports.

Following on from that, and the support that the Government could give to community amateur sports clubs, I note that the CCPR—it never seems to call itself the Central Council for Physical Recreation—has successfully conducted a campaign over the past few years to persuade the Treasury and the Government to give tax relief to sports clubs generally. That has been a great advantage. Some sports clubs in my constituency have been able to take advantage of it, but it does not push the boat out as much as we would hope when it comes to tax concessions.

The current "Subs for Clubs" campaign is about giving tax relief on junior club subscriptions. Given that it represents a fairly small amount of money, and given the impact and advantage that it would give clubs, particularly as we are entering a recession and it will become increasingly difficult for voluntary bodies such as sports clubs to generate funding, I hope that we will be pushing at an open door. I hope that the Minister constantly reminds his Treasury colleagues what a good idea it would be, and that it would be a natural corollary to what has already been agreed. I hope that we can make progress on that front.

My next point relates to specialist sports colleges. If there is one thing that the Government could rightly and legitimately hold up as an example of what they have achieved with the funding that they have put into the development of sport, it is the foundation of community sports colleges. It may be because I come from a somewhat unreconstructed, oldish Labour background that I had misgivings about the idea of specialist colleges, whatever their specialism.

The two specialist sports colleges in my constituency—St. Mary's school at Menston and Priesthorpe school in Pudsey—have completely dispelled any reservations that I may have had about schools pursuing a specialist remit, especially given the resources that accompany it. They have made tremendous strides, and have a great record of achievement by cascading their resources, their sports co-ordinators and their other expertise to scores of surrounding high schools and junior schools. I believe that their contribution to promoting grass-roots sport will stand as one of the Government's achievements.

One thing concerns me, however. There does not always seem to be the degree of joined-up thinking necessary to promote sport through sports colleges, or to promote the partnerships that the colleges can develop with the local community, amateur sports clubs, local authorities and other key players. One point is continually reiterated to me. When schools qualify for Building Schools for the Future funding, they are not always able

[Mr. Paul Truswell]

to say, "We are a sports college. Can we factor in the need to develop our sports facilities not only for our students, but for the partnership, to which we are central?" Until now, the answer has generally been that it is not part of the process. I hope that my hon. Friend the Minister will put pressure where it is needed—on colleagues in other Departments—to ensure more joined-up thinking on that front.

Whether sports facilities are paid for through BSF or other funding, there is nevertheless a tremendous shortage of facilities for sports colleges and community sports partnerships to draw on. In my area, for example, which is covered by Leeds city council, an audit has been made of pitches and sports facilities. Not surprisingly, it found a tremendous shortfall in football, rugby and other pitches. I wonder whether more scrutiny needs to be given by the Government and the Minister's Department of how resources that are meant for the development of sport—not just in schools but across the wider community—can be brought together more effectively by local authorities. I am not sure that Leeds city council necessarily distinguishes itself when drawing on the tremendous expertise, the voluntary support and the enthusiasm and energy that the community sports partnerships are able to provide, with the sports colleges being at the forefront of that for areas such as Pudsey and Leeds. I would be interested to hear my hon. Friend's comments on that.

The report speaks of some of the developments at sport's elite level. As the hon. Member for Bournemouth, East (Mr. Ellwood) pointed out, the nation needs to celebrate that. However, I return to one of my main themes: when encouraging new people to participate at the elite level, we are not always careful enough to ensure that we take a clear view of their personal welfare.

Without going into detail about the personal circumstances that led to that observation, whatever the sport, elite groups are probably funded from the lottery and other sources. As a result, the young people participating in them are under enormous pressure. That is understandable. If they want to achieve at the highest level, they need to make that commitment and be prepared to put in the time necessary for coaching, competitive participation and fitness. However, I sometimes worry whether sufficient scrutiny is applied to the operation of those regimes.

It is tempting for young people—and sometimes their parents—to play through or to carry injuries rather than letting the side down or running the risk of losing their place because they cannot participate 100 per cent. of the time. That is always a worry. I do not suggest, in any way, shape or form, that we are going back to the sort of extremes that used to characterise the countries behind the iron curtain; we know that many activities took place then that never featured in the promotion of sport in our country. However, we need to scrutinise the child welfare issues more acutely, not always leaving it to those who are responsible for developing elite sports people because they themselves might be under pressure to turn a blind eye to such problems.

My next point in this ragbag of points relates to the television coverage of sport. My hon. Friend will know that, along with many colleagues in the House, I still have a bee in my bonnet about sports that are no longer included among the so-called crown jewels of sport. The best example is cricket. It is probably clear to everyone that the massive opportunity generated in 2005 by the successful Ashes series has been lost. That happened for a number of reasons, and I do not want to make a detailed analysis of it. One reason is that the national side has failed to perform particularly effectively since then.

I and those to whom I speak are convinced that another reason is terrestrial television's loss of live test match coverage. We heard that the England and Wales Cricket Board received a huge amount of money, and that it was essential for the continuation of the sport. However, before being convinced by those arguments, whether from the ECB or other governing bodies, we should audit how much of that money goes to grass-roots sport.

I am not sure that we necessarily do that, and it is a trade off. If we are convinced that the money is going to grass-roots sport, we might be persuaded that there is an argument for such contracts. Until then, however, I remain of the view that many young people whose parents, for whatever reason—whether income or principle—are unwilling to subscribe to companies such as Sky, will be deprived of the opportunity to watch their sporting heroes and heroines. Psychologically, as we all know, that is one of the main ways to generate young people's passion for sport. It is certainly what generated my sporting passion, and I am sure that that is true for many here today.

For my final point, I break away entirely from sport, and I am prompted by the hon. Gentleman's comments on marketing and tourism. I do not regard this as a great attribute, but I have not taken a holiday outside the UK since 1989. Some people might regard that as sad, but I do not, because there are so many places in this country worth visiting, as he said. I could spend a lifetime going on holiday and still not visit them all. I endorse all his comments, therefore, about promoting tourism, and of course I make a special plea to promote tourism to what the Minister will know is God's own county—Yorkshire—in which both our constituencies are located. Many of the attractions of that great county can be seen in Leeds and Bradford without even having to go out to the Yorkshire dales or the seaside towns. Given the circumstances that the hon. Gentleman went through in some detail, and which I shall not reiterate, the promotion of tourism in the UK is a crucial part of the Department's role and strategy. It needs to boost the industry and give people access to holidays that perhaps they could not afford elsewhere given the economic situation.

With those apologies and longwinded comments, I shall sit down. As I said, I will have to leave almost as soon as I do so, and I cannot come back for about an hour. I hope that you will accept that apology, Mrs. Anderson.

3.31 pm

Mr. Don Foster (Bath) (LD): It is wonderful to see you in the Chair, Mrs. Anderson, and it is particularly wonderful to follow the hon. Member for Pudsey (Mr. Truswell). Given that he must leave in a second, I want to say now that I endorse every remark that he has made. In particular, I welcomed his reference to the importance of sport volunteers. I suspect that he would join me in going further in saying that many of our other cultural activities benefit from the tremendous work done by many volunteers.

Also, I agree entirely with the hon. Gentleman's comments about the urgency of the work of the committee set up to look at the list of those sports that will appear on free-to-air television. I welcome the fact that the Government have set it up, and I join him in saying that, of all the sports that need looking at very carefully, cricket is the most important. He was right to say that we should not dwell on the history, but it is worth reflecting that a deal was struck between Lord Smith of Finsbury, the then Secretary of State for Culture, Media and Sport, and the England and Wales Cricket Board. When Lord Smith agreed to take cricket off the list, it was meant to ensure that there would still be a lot of free-to-air viewing. Sadly, that deal does not appear to have been stuck to. I hope that we will consider carefully whether cricket should go back on the list, notwithstanding the hon. Gentleman's valid points about the issues that need to be investigated to ensure that the grass roots of sports benefit either from more free-to-air viewing or from television receipts.

The Minister began with a paean telling us how wonderful the Department for Culture, Media and Sport is. The hon. Member for Bournemouth, East (Mr. Ellwood) then pointed out one or two areas of failure, and I intervened pointing out that the Minister ought to be taking some of those failures more seriously. I hope to give the Minister the chance to do that by picking up some of the points made already and adding one or two others. However, he is right to say that there have been some fantastic successes in the areas covered by the DCMS.

None of us could give such a list without beginning with the tremendous success of our Olympic and Paralympic athletes in Beijing. As the hon. Member for Bournemouth, East has said, along with many others in recent weeks, it was a fantastic achievement that sets the bar very high for 2012. That is definitely the pinnacle, but there have been many other great successes. The Minister was right to praise Liverpool for the fantastic achievement in being chosen as the capital of culture and for the wonderful events that have taken place.

In an intervention, I managed to squeeze in a reference to the UK school games, which took place in Bath and Bristol. They were a fantastic success, which was down to the efforts of a large number of people who made it happen, including many volunteers who made a huge contribution. I wish those taking on the baton in Wales this year all the success in matching, and possibly even bettering, what we achieved, although that will be very difficult.

No mention has yet been made of the fantastic success of our film industry, and we should all be very proud of our public sector broadcasting. With the BBC, the multi-award winning Channel 4 and so on, we are the envy of the world. We just hope that some of the deliberations currently under way, to which I shall make brief reference later, will lead to a sustainable future for public service broadcasting to ensure that we remain the envy of the world while developing the range of services that the people of this country increasingly want as we go digital.

I welcome, of course, a number of the Government's initiatives. One could cite some of them, but to pick one at random, I refer to the additional support being given to seaside towns, which is urgently needed. In other areas, I welcome, if not what is happening on the ground, at least some of the language being used by the Department. I welcomed the commitment of the "Creative Britain" initiative to what we hope will be achieved in that area, although I confess that I am not as sanguine as the Minister about the success of the initiatives so far proposed. As we have praised the volunteers, it is important to praise the many organisations, whether sports clubs or theatre and education groups, doing tremendous work helping to make all these successes happen.

The Department is very important, but it does not get the recognition that it deserves in this place. It is disappointing that relatively few Members have turned up for this important debate. Whatever we think of the Department at times, it reaches into more parts of people's lives than any other Department: whether through voting in "Strictly Come Dancing"; attending sporting events; going to the cinema, theatre or an art gallery; visiting the pub, bingo hall or the bookies; handing over money at the Tote; or going on holiday. All those things, which are really important in people's lives, are determined in large measure by decisions made within the DCMS. It is a really important Department, and I am grateful for this opportunity to deliberate on its annual report.

I shall turn to some of my concerns, which will to some extent replicate the comments made by the hon. Member for Bournemouth, East. The Minister was glowing in his tribute, but the hon. Gentleman picked up on some of the Department's targets. I have been reading through the Government's report. The Minister has said that he is sceptical about some of my figures and will challenge me later. However, let us not disagree about what it actually says in the report. After that, we can come on to some of the details.

The one outstanding public service agreement from the 2002 spending review is referred to on page 29 of the annual report. Of that target, it simply says, "Slippage." We then come to the 2004 spending review and PSA1, which the report says is "ahead" of its target. We welcome that agreement on getting youngsters in school to take part in two or more hours of physical education a week, and I shall return to that later. We are told that PSA2 has "not yet been assessed", which is not surprising, because the final figures are not expected until 2010. We could not, therefore, have expected too much data. However, page 33 tells us that we have some data for earlier years, which seem to indicate that the percentage of obese young people is stabilising. I am enormously worried, however, because it says that the figures are estimates going back a number of years and that they are subject to "sampling error". If we are being told that we cannot rely on the figures at the start of the period because of the possibility of a sampling error, I wonder whether we can rely on whatever assessment is made at the end of the period of time.

With regard to the next set of targets, PSA3, which is about participation in art and sport by people in priority groups, we are told that overall, there has been slippage. The overall summary is then broken down into sports, arts, museums and galleries and historic environment, all of which suffered from "slippage".

[Mr. Don Foster]

When we come to PSA4, which is about improving the productivity of tourism and the creative and leisure industries, we are again told that there has been "slippage". That is it; there are no more PSA headlines. The vast majority of the PSAs say "slippage". Therefore, the Minister should have come to us with a bit more humility than he did in his opening remarks.

The Minister will be aware—because he is the Minister with responsibility for sport and studies these things in detail—that the targets are broken down into sub-targets. With regard to the findings on participation, he will know that the four targets that I have mentioned are broken down into 20 different sub-targets. Of those 20 targets, 16 have been missed. Every single one of the sporting participation targets for people in priority groups has been missed, and there has been a decline in the number of people in some of the groups. For example, 241,000 fewer people with limiting disabilities now take part in active sport. There has also been a 2 per cent. drop in the proportion of women taking part in active sport.

The interesting thing that is not covered by the report is the deeply worrying fact that the Government could not have claimed success in many of the targets because they do not collect the data that is necessary to assess them. We know that until the introduction of Sport England, which I welcome, data on the money that goes to groups that help the disabled, women or people from black and minority ethnic groups were not even collated. Therefore, it would not have been possible for the Government to claim any success in those areas, because they did not have data. That is almost more worrying than the slippage on the targets. If the Government say that those matters are important, then one has to ask how serious they are if they do not even ensure that the necessary data are collected.

Sadly, the same is true in relation to the sub-targets on art participation. Five out of six of the arts targets were missed. There were some 195,000 fewer adults participating in the arts, yet the Minister concentrated on the issue of getting young people involved in schools and the two-hour target. I accept that we are ahead of target there, and I welcome the growth in the number of people who are going forward. However, may I say to the Minister that I hope he will acknowledge that that still means that three quarters of a million children are not participating in two hours of sport? May I also ask him to look again at the details of this scheme to see whether research can be conducted into finding out how much of that two hours is taken up with changing time as opposed to physical activity? Currently, changing time is included within the two-hour target, when it should be excluded. We have much work to do to get young people to continue participating in sport after they leave school. Well over 50 per cent. of young people drop out of involvement in any physical sporting activity.

The Government have introduced measures—the Minister referred to them—to increase participation in sport and the arts. I know that he has accused some people of playing party politics with the concerns that have been expressed about the free swimming scheme, but he was wrong to do so. He may be aware that when the Secretary of State for Culture, Media and Sport came to my constituency to discuss a range of issues with local people, including that particular one, he was told very clearly that my local authority would willingly join the free-swimming scheme, if it had the resources to do so. However, in a very harsh financial climate, it would have great difficulty in providing both parts of the scheme. That was not a party political attack on the Government. It was simply that the sums of money that are being made available do not add up. The Government wanted a scheme on a shoestring. The Minister shakes his head, but the Local Government Association made it quite clear that the sums of money would be inadequate to provide a full scheme.

Mr. Sutcliffe: I should like to know who said that. The hon. Gentleman says that the Local Government Association made that point, but I met Councillor Chris White who leads the LGA—

Mr. Foster: He is a Liberal Democrat.

Mr. Sutcliffe: Liberal Democrat or not, I met him and we had a discussion about free swimming. The fact is that the free-swimming initiative came from some local authorities, and they did not ask for a Government contribution.

Mr. Foster: The Minister misses my point. I am not trying to make a party political point. I said that Chris White, who leads for the LGA on such matters, is a Liberal Democrat to make the point that there is a problem with the funding arrangements. If one looks at the total package, it may work out, but there are huge variations from one local council to another, and it is their individual circumstances that make it difficult. That scheme is no different from schemes from other Departments, such as free transport for the over-60s, which is of great benefit to many older people and which I welcome. Unfortunately, the funding scheme means that it is difficult for some local authorities not to end up having to put some of their own money into the scheme.

May I mention a missed opportunity? The free-swimming scheme, as it is currently designed, enables two groups of people—younger people and older people—to benefit from free swimming. Of course, that is a good thing, but the Government failed to take the opportunity to do something about swimming lessons. They failed to give more young people the opportunity to learn to swim, which is the missing part of the scheme.

The same could be said of the free theatre tickets in the project for arts inclusion. The Minister knows that £2.5 million was committed to get 1 million free tickets into theatres. Everybody can do the maths; 1 million into £2.5 million means £2.50 a ticket. Clearly, that would mean that any theatre that got involved in the scheme would have to subsidise it or get money from elsewhere. As a result, we do not have 1 million people participating in the scheme—although we have good take-up. Again that scheme was done on a shoestring, but it got the good headlines.

The one missing element in all this is education. Everybody whom I have spoken to has made it clear that linking a free theatre visit with an educational experience that prepares young people for the theatre would significantly enhance the benefit of such a scheme. I hope that the Minister will have an opportunity to talk to his colleagues in other Departments about that issue.

Much has been said about those areas that are covered by DCMS and receive money from the national lottery that are losing out because of the second take of money to pay for the burgeoning budget of the Olympics. As the Minister knows, two years ago the Liberal Democrats proposed a rethink of the way in which the national lottery is taxed, and I am delighted to say that the Conservatives have now given us their support. The figures that have been compiled independently show that if we were to move from the current tax regime to gross profits tax, it would lead to a significant increase in funding not only for the good causes, but for the Exchequer itself.

The Secretary of State promised me that he would do everything in his power to push the Treasury. I accept that it is a Treasury decision, but the pressure from the Department is critical. We were disappointed that no reference was made to it in the pre-Budget report. I suspect that the Minister shares the view that it would be a great benefit, but I would be grateful for an update on where his or the Department's discussions with the Treasury are. The matter no longer divides people who are concerned about the Department.

I join the hon. Member for Pudsey, who has had to leave the Chamber, in saying that there are other ways of getting money in that require pressure from the Department. The hon. Gentleman mentioned the campaign by the CCPR in respect of gift aid for junior club subscriptions. As the Minister will know, that would cost a small amount of money compared with the Department's overall budget, and I would be grateful, as I know that the hon. Gentleman would be, to hear what progress has been made in the Department's thinking on that, what pressure is being put on the Treasury, and whether the Department supports the proposal.

Unfortunately, the work of the DCMS often depends to some extent on other Departments. I have just given two examples—GPT and gift aid for junior membership—where Treasury agreement is necessary, but other Departments partly block some of the things that DCMS wants to achieve, such as on playing fields. The Minister will be well aware that departmental representatives get up and say, "We've done a great job. Aren't we wonderful in reducing the number of playing fields that have been sold?", but, depending on how we take the figures, that is not entirely true.

Aside from that, and even if we accept for a minute that the measures that the Government have put in place are welcome—they are welcome, but I do not think that the Government are achieving as much as they claim—there are two matters on which they have promised, since as far back as 2002, further to tighten up the rules. The first thing is the size of the school playing fields that have to be considered. For schools, it is 0.2 hectares and above, but for all other playing fields that effectively have to go through the process of winning the approval of Sport England, the current limit is 0.4 hectares and above. The DCMS committed to pressing for a change in the rule, and other Departments with responsibility have promised it, but it has not happened. Indeed, the consultation that was yet again promised—

Mr. Sutcliffe: Soon.

Mr. Foster: The Minister knows only too well the number of times that he has said "soon", and I have waited nearly a year to get an answer, as was demonstrated recently in a debate on a statutory instrument. Will the Minister give me greater precision than "soon", "very soon" or "imminent", which are words that he frequently uses when speaking to me? What is happening about the reduction from 0.4 to 0.2 hectares?

Secondly, and equally importantly, what about the bizarre rule that allows a field that is fenced-off, and therefore not used for a period of up to five years, to be exempted from the rules? That needs to be changed. Again, I have had assurances that it will be changed, but absolutely nothing has happened.

Finally on playing fields, may I pay a huge tribute to Fields in Trust, which has done a tremendous amount of work since 1948 to protect playing fields in this county? In discussions with me, it has expressed real concern that when fields are sold off and the money goes into sports—rightly, sometimes it does—there is a huge disparity, because for every £1 that is spent on an outdoor playing field and the facilities that go with it, around £2 is spent on indoor facilities. That needs to be addressed.

The creative industries are crucial but, as I have said, although I welcome the rhetoric, I am not convinced that there is any real action on the ground. Indeed, the PSA targets on the creative industries have not been met. When the Minister replies, will he say more about what he is going to do about the creative industries? For example, what about the computer games industry, which has been overtaken by Canada from a position of third in the world? That happened because tax breaks were given to that industry in Canada. I am not saying that tax breaks are the way forward when it comes to helping the computer games industry, but they should be seriously considered. We give tax breaks to the film industry, for example, and we ought to consider doing so for the computer games industry. That is one of the many examples I could give.

I echo everything that the hon. Member for Bournemouth, East has said about tourism. The Government do not take tourism anywhere near seriously enough—the cut to Visit Britain was a stark example of that. There is a problem, as I said in an intervention, when the Prime Minister pretends to be interested and announces money, only for us to find later that the money is not the Government's, but other people's. That does not send out the right signals. We must start taking tourism seriously.

I am not going to talk about the Olympics or gambling, because the Minister and I will have the opportunity to do so in more detail later, so I shall talk finally about heritage. Someone mentioned Stonehenge, but heritage is hardly ever mentioned in our debates. There has been a significant cut in the money available to heritage. Heritage Lottery Fund money has decreased tremendously, and it now rejects some 80 per cent. of applications that meet its criteria—they are good applications. There are nearly 30,000 properties on the at-risk register, and there has been a real reduction in the number of young people visiting stately homes on school visits and the like.

We must take the heritage of this country much more seriously. There is hardly any talk of heritage within the Department—there is at least a lot of talk about tourism—and the final insult was for the Department to drop, or allow to be dropped, the heritage protection Bill from the Government's programme. That was the final blow

[Mr. Don Foster]

for anyone who felt that the Government are interested in heritage; they clearly are not. Dropping the Bill has let the heritage sector down.

I began by saying that there have been a number of improvements, which I welcome. There is a lot of work still to be done, and there is a degree of complacency in the way in which the Minister has so far taken us through the report. I hope that he will now rebut some of the challenges that have been made, or at least explain why the Department has failed in quite a large number of areas.

3.58 pm

Mr. Sutcliffe: What we lack in numbers we have not lacked in quality, even if I disagree with large amounts of what was said by the hon. Members for Bournemouth, East (Mr. Ellwood) and for Bath (Mr. Foster). Nevertheless, I am impressed by their commitment to the DCMS's work. The hon. Member for Bath was spot on when he said that the impact of the Department on the lives of our constituents is perhaps not noticed by many of our parliamentary colleagues. We can look at that in two ways: the fact that nobody is here means that far from being complacent, people are happy with the work that we are doing and so do not wish to come here to complain; on the other hand, it would have been nice to have more contributions from hon. Members on both sides of the House, because these matters affect all our constituents' lives.

I shall try to be as quick as I can given what might be happening in the main Chamber. Elite sport funding is vital. We were proud to have the investment in place for the Beijing Olympics and pleased that we can do considerably more for London as hosts of the games. What is important to me and the Secretary of State is a long-term commitment to elite funding. We have lottery funding and Exchequer funding, but we need a private sector stream of funding as well to maintain elite funding post-2012, into 2016 and beyond. It is important that sport infrastructure is in place. We have created that with our work through the Youth Sport Trust, which deals with school and youth sport, and Sport England, which deals with community sports.

I fully understand the points made by the hon. Member for Bath about PSA targets. I know that he accepts that failure to reach the targets does not mean that there have not been increases in certain areas—he acknowledged that at Question Time the other day.

We must be careful about continually attacking the burgeoning costs of the Olympics. It is quite right that people should question and scrutinise the costs, because the Olympics are a major spend, but my right hon. Friend the Minister for the Olympics has stated to Opposition parties her willingness to explain in great detail the amount of spend and the reason for the changes. I hope that that continues to be the case. I am slightly concerned about scrutiny of the Olympics, because we should not turn people off them. We are all committed to the success of the London 2012 Olympics, and we all agree on the great benefits that they will bring.

Mr. Ellwood: The Minister has made an important point, and we should be careful about our comments to ensure that we do not turn people off the games. As he has said, however, it should not prevent us from scrutinising what is going on, including the bigger decisions. Why, when we knew years ago that we would be bidding for the Olympics, was Wembley stadium not built with a running track? Why is Bisley, a state-of-the-art, internationally competitive shooting arena, not being used? Why will many of the places that will host disciplines of sport during the 2012 Olympics be only temporary? In China, horse racing took place in Hong Kong and aquatics took place miles from Beijing. I do not understand why we are not using existing facilities more appropriately, thereby saving money.

Mr. Sutcliffe: The hon. Gentleman's party was involved in the original bid proposals—as was the hon. Member for Bath, who led for his party on this matter—so he will know what was required in putting together the bid, what the International Olympic Committee agreed, and what the IOC will expect from the London games. Commitments were made in those bidding documents. My right hon. Friend and I sit on the Olympic Delivery Authority board, and discussions have been held about what opportunities exist to make variations, not only for the sake of cost but for legacy reasons as well. I can honestly say that decisions are taken with maximum involvement and consideration of the commitments given, as well as of the legacy. The hon. Gentleman will know that the Mayor of London sits on the board and has made similar points.

It is obviously the Opposition's right to scrutinise what goes on, but we need to get the balance right. We may give the impression that costs are out of control and things are not going well, but the reality is quite different. The IOC was here recently, and it has given its support to the progress made. There is a great deal of energy and enthusiasm, not only in east London but across London and the UK, for the success of the games. We must balance the position of the Olympics with their possible impact, which we all want to see, on developing sports participation and culture in this country.

The hon. Gentleman asked what will happen to the stadium. Work is being done with the London Development Agency, the partners and the ODA on what its future use should be. Again, however, commitments were made to athletics about the need for an athletics stadium with a warm-up track, and the stadium's future outcomes for the legacy must be considered. There is no doubt in my mind that the success of the Olympians and Paralympians in Beijing, to which we all pay tribute, has created enthusiasm, interest and inspiration for London 2012. We need to maximise the benefits.

The hon. Gentleman mentioned free swimming, as did the hon. Member for Bath. I make no apologies for the attacks that I made on those local authorities that are playing politics with that issue. I accept that there were some problems with flexibility, but we have tried to accommodate that in the outcomes by considering their impact on over-60s and under-16s. I also accept that it is for local authorities to make that decision. We did not say that a Government scheme would be imposed on local authorities; we said that our surveys show that swimming is the activity that most people can do and that it is most likely to gain the support of local government in terms of impact and development.

We are pleased at our ability to get other Departments, such as the Department for Work and Pensions, the Department of Health and the Department for Children, Schools and Families, to contribute to that bigger picture. One authority, a Liberal Democrat authority in Hull, told me quite bluntly that the over-60s are not a priority. If that is the authority's decision, fine, but it seems like a wasted opportunity to me. The issue was about not only free swimming, but the opportunities that free swimming gave for local authorities to offer other recreational services, which could have enhanced the sport offer. However, we have been flexible. We have tried to work with local government and will continue to do so. Hopefully, some who said no will reconsider their position in future rounds of bidding.

The hon. Member for Bournemouth, East welcomed library modernisation and made a relevant point about how libraries must reflect the changing nature of society. He also discussed the digital switchover, which is going to schedule. Some 80 per cent. of UK homes have taken up digital TV, and we want to work with others to ensure that everybody has the opportunity.

I was not too sure about the attack on the regional development agencies and the hon. Gentleman's perception that they have problems passing on money. The Northwest Regional Development Agency has been outstanding in its work with Liverpool, and Liverpool's position as a capital of culture gave the regional economy an £800 million boost.

Mr. Ellwood: The Minister said that although there are not many Members here, an exchange such as this provides us with an opportunity to tackle and scrutinise issues in detail. I place on the record that of all the RDAs that I have visited, the Northwest Regional Development Agency is probably the best, but the reason why it is the best is that it does not hang on to money centrally. It has five areas with key brand names, such as Blackpool and Manchester, and those brand names are probably recognised the world over. The RDA does not say, "Come to the north-west." Instead, it says, "Come to these five distinct areas." That is not the case in other parts of the country. Nor is there a huge amount of communication between the RDAs on best practice. If the approach of the Northwest Regional Development Agency were replicated throughout the country, we would have a much better system, and I would be less critical in speaking about it.

Mr. Sutcliffe: I am grateful to the hon. Gentleman for making the point in more detail. I understand what he has said, although I might not agree with him. I will have the opportunity to meet the RDAs next week, funnily enough, so I will try to pursue and develop his point on good practice.

The other interesting thing about Liverpool is that there were 3.5 million first-time visitors to the region, which is another testament to what was done there.

I am grateful for hon. Members' support for seaside regeneration, even though I was chided for the fact that the sum involved is only £15 million. That is still a significant investment, and it will give great opportunities for development.

I was not trying to be party political when I mentioned spending plans. Opposition parties cannot continue to say that we are spending too much and that investment is too great, when they have said on the record that their spending plans would reduce the amount spent on tourism.

I am grateful to my hon. Friend the Member for Pudsey (Mr. Truswell), whose constituency neighbours mine, for portraying the benefits of Leeds and Bradford. My hon. Friend the Member for Wakefield (Mary Creagh), who was sitting behind me, also said, "Don't forget Wakefield," meaning our commitment to the tourism industry there. That city is looking forward to its new Hepworth gallery, which will open soon. I agree that west Yorkshire in particular has tremendous assets, not least of which is the National Media museum in Bradford, which is the most visited museum outside London and contributes to our tourism economy.

The hon. Member for Bath said that the Government do not take tourism seriously. I wonder what he thinks about the £130 million in planned investment over the period 2008 to 2011 for Visit Britain and Visit England to market the UK. That is a tremendous level of investment. The Secretary of State meets his Cabinet colleagues on a regular basis. Particularly at this time, where the economy is concerned, we want to strengthen—

Mr. Foster: I have listened extraordinarily carefully and I think that I heard what the Minister said. He asked me to say what I thought of this extra money that will be spent on promoting Britain in the run-up to the Olympics.

Mr. Sutcliffe: Yes.

Mr. Foster: I think that that is what the Minister asked me.

Mr. Sutcliffe: I did.

Mr. Foster: I say to the Minister that I am delighted that extra money will be spent, but I remind him that that extra money was nothing to do with the Government. That money came from top-slicing the already reduced budget of Visit Britain and from a contribution made by the tourism industry. Am I correct, or am I wrong?

Mr. Sutcliffe: I just go by the figures and I think that £130 million is considerable. I will speak to the Minister with responsibility for tourism, my hon. Friend the Member for Stevenage (Barbara Follett), about that issue. Clearly, investment of £130 million is welcome; that is great. It is not a lack of commitment from the Government to support tourism—

Mr. Foster: It is.

Mr. Sutcliffe: I believe that tourism is at the heart of the way we want to boost Britain. That is why we have the regional development agencies and devolution to ensure that we boost the opportunities for tourism. The best way to do that is through local communities, regional communities and the home countries promoting their areas. As I said, the Secretary of State meets on a regular basis with his Cabinet colleagues.

The issue of Stonehenge was raised earlier. As I understand it, there is a Stonehenge project board, jointly chaired by the Secretary of State and the Minister with responsibility for tourism, and decisions will be made very shortly. The Minister with responsibility for tourism is very impatient to make progress and I am sure that she will do so.

[Mr. Sutcliffe]

The hon. Member for Bournemouth, East raised the issue of gambling and the fixed-odds betting terminals. That is a very complex area and I will not spend too much time on it now. However, he will know that we need to look at what the Gambling Commission says about the FOBTs, that the Gambling Act 2005 was the first time that gambling had been looked at by Government since 1968, that the Budd report on gambling in 2000 was a key report, and that the Government have acted responsibly on gambling, particularly problem gambling.

We now come to the public service agreement targets, which the hon. Member for Bath raised. I have to say that it is disappointing that we have not met those PSA targets. However, although some targets were not met, improvements took place and he acknowledged that. Regarding the heritage targets, I understand that there have been some significant increases in the final out-turns, for instance in attendance by black and minority groups and also by lower socio-economic groups. For all adults, there were increases between 2005-06 and 2007-08. However, the hon. Gentleman is right to continue scrutinising us to see how we try to achieve these targets. He will know that as a result of missing the targets we had a review of what we were doing with Sport England. Again, I am grateful to him and to the hon. Member for Bournemouth, East for supporting the changes that we have made to Sport England, and I know that he will ensure that we keep the governing bodies under scrutiny, so that they meet the challenging targets that we have set them.

I congratulate my hon. Friend the Member for Pudsey on the work that he has done in his own constituency on the development of grass-roots sport. I know that he feels very passionately about the issue, be it investment in grass-roots sport or the number of volunteers that we need. I think that the figure in the report is a reflection of what we are trying to achieve in London 2012. It is not about volunteering across the country; it is about the number of people who have applied via the website. We are looking for 70,000 volunteers, but I think that 170,000 people have applied.

The issue of volunteering is vital, as is the issue of coaching. If we do not recruit coaches at the right level, we will not be able to deliver what we want to achieve, in school sport in particular. I am putting a lot of effort into, ensuring that we invest in coaches. We are perhaps now seeing coaches in a different way in the UK. We want to have volunteers but we also want to see coaching progress, so that it can be seen as a career path, in the same way that it is seen as a career path in the United States, where school and college coaches are seen as key members of society.

I am happy to congratulate Airedale-Wharfedale girls cricket team. It is important that we support women's sport. That is why we supported the review of the needs of women's sport and why we are looking forward to that report when it comes, which will be pretty soon.

I also want to put on record my thanks to the England women's cricket team, and to Charlotte Edwards in particular because I think that it is her expertise and inspiration that have caused many girls to become involved in cricket. We look forward to the England women's team's performance in Australia, where they are at the moment.

The hon. Member for Bath asked me to recommit, as it were, the DCMS view on the national lottery, the community amateur sports clubs scheme and taxation issues such as gross profit tax. Those are issues that we continue to pursue with the Treasury and clearly a balance must be struck when it comes to the final decisions. Both at the pre-Budget report and at the Budget, we will be pressing those issues again.

Mr. Foster: Given that that issue was not referred to at all in the pre-Budget report, can the Minister at least assure me that, between now and the Budget, discussions will continue and therefore that we must not assume that it is dead and buried?

Mr. Sutcliffe: Very much so. We continue to work with the Central Council of Physical Recreation and a variety of other organisations to push the Treasury. To be fair to the Treasury, it hears what we say and it then has to make the final decision, with regard to the overall position of the economy.

My hon. Friend the Member for Pudsey raised the issues of specialist sports colleges, competition managers and school sports partnerships, which have been vital and effective in developing sport and competition in schools. He was also right to raise the issue of the Building Schools for the Future programme. It is of concern to me and he will be pleased to know that we are having a seminar very shortly with the relevant governing bodies about how we can develop BSF by ensuring that the sporting provision is there.

On the issue of elite sport, my hon. Friend talked about there being perhaps too much passion shown by individuals, so that there are concerns about people pushing themselves too hard. I am pleased to say that that issue is also being looked at, through UK Sport. The way we deal with our elite sportsmen and sportswomen, particularly at a young age, is vital. We must ensure that people do not burn out, which I think is what happened in the past. Now people are channelled into the right levels, so that they receive the support and expertise in playing the games that they do.

Mr. Ellwood: We have rightly paid tribute to the success of our Paralympic team in Beijing, which came second in the league table of medals, which was fantastic. I had the pleasure of sharing a bungalow complex with Tanni Grey-Thompson when I was at Loughborough university and she certainly epitomises the success of Britain and encourages others to participate in sport.

I want to ask the Minister whether he is concerned about the tributes that were made in the new year's honours list. There was a definite disparity between the honours given to those in the Olympics for their successes and those given to the equally successful members of the Paralympics team.

Mr. Sutcliffe: It is difficult for me to comment on that in detail, because the honours system is an independent system. The Government make recommendations. We recommended a number of sportsmen and women from both the Olympics and the Paralympics. At the end of the day, however, it is an independent body that decides the honours. I am pleased to say that a large number of Paralympians were congratulated and honoured. That is an issue that the hon. Gentleman may want to take up with the honours committee, but I do not think that it is something that I should comment on in detail.

UK Sport and Mission 2012 are important. Mission 2012 is a new way of looking at elite sport and how elite sport can develop. What UK Sport did certainly helped us to reach the position we did in Beijing and it will develop our sport further for the London Olympics.

I am grateful for the acknowledgement by the hon. Member for Bath of the committee that the Secretary of State has set up to examine television coverage of sport. I know that that is a very emotive issue and many parliamentary colleagues have raised questions about cricket and other sports being on terrestrial television. We look forward to the findings of that committee. I also welcome the fact that today the CCPR has made an announcement on the discussions that it has had. Clearly we need to look at the details of the proposals, but I am happy to support anything that helps that situation.

Across the areas of the Department's work, we have a fantastic impact on people's lives. One matter that the hon. Member for Bath raised, on playing fields, gives me slight concern. I am happy to support the work of Fields in Trust, or FIT, but this issue is about not just playing fields, but sports provision. We have talked to many of the governing bodies in sport about that. We want to retain playing fields, and we have put safeguards in place. On the change from 0.4 to 0.2 hectares, I can tell the hon. Gentleman that we intend to make an announcement on that in due course—that is the new phrase that I shall use today—but that will be very soon. When that announcement is made, I believe that we will be in the right place for him to give me the congratulations that I will deserve. This is not just about the quality of playing fields—it is also about the quality of sports provision.

I hope that I have mentioned most of the points that hon. Members have raised. We appreciate the work that has been done by all those involved in the DCMS and by all the Members of Parliament who support and contribute to that work.

Mr. Ellwood: Before the Minister sits down, I should like to make one more important point, as there is time to do so. I understand that some councils have decided to close their tourism operations and get rid of their directors of tourism so that they can shift the money that they will save to other local authority objectives in order to meet Government targets, for which they will then be financially rewarded. I shall not cite which councils they are, because it is important for the Government to have the opportunity to reconcile the dilemma that we are facing. It is madness for certain councils to choose not to have a tourism strategy and to close departments in order to chase targets on recycling, for example. Of course, those targets are important, but they should not have a detrimental impact on tourism.

Mr. Sutcliffe: I agree that it is unfortunate if that is happening, and I shall take it up with the Under-Secretary of State for Culture, Media and Sport, my hon. Friend the Member for Stevenage, who has responsibility for tourism, if there is a problem.

The Department does a great deal of good, and I commend its work to the House.

Question put and agreed to.

4.21 pm

Sitting adjourned.